

Along With Army, Israel Moves Administrators Into South Lebanon

By Edward Cody
Washington Post Service

METULLA, Israel — In addition to moving vast amounts of weaponry into Lebanon, Israel is also sending experienced civilian and military administrators from the West Bank and Gaza Strip to run civilian affairs in the southern portion of the country for a long period if necessary, according to Israeli military sources.

The Israeli Army has appointed "military coordinators" for the captured cities of Tyre and Sidon to care for thousands of Lebanese civilians whose lives have been thrown into turmoil by the Israeli sweep.

Both coastal towns were heavily damaged during the Israeli as-

saults in which they were captured from Palestine Liberation Organization guerrillas who had been administering them through sympathetic local Lebanese civil officers and Moslem militias.

To aid its military coordinators, the Israeli Defense Ministry is transferring specialists from territories occupied by Israel since the 1967 Middle East war, the Israeli military sources said. Their jobs include control of the civilian population and searches for guerrillas in hiding, as well as organization of civilian facilities such as water and food distribution.

"Since 1967, we have had a lot of experience in this field, and we're putting it to use," a military source said.

The Israeli occupation in Lebanon, observed during a drive Thursday from the border to Sidon and back and described by Israeli military sources, reflects a determination to keep Israeli troops in Lebanon to pursue and destroy Palestinian guerrillas during what are expected to be protracted diplomatic contacts for a settlement.

"We will not leave one stone unturned," the Israeli chief of staff, Maj. Gen. Rafael Eitan, said Friday. "It may take a long time."

Israeli military intelligence estimates that between 15,000 and 16,000 armed guerrillas were in Lebanon before last Sunday's invasion, about 6,000 of them in Beirut. These figures tally with the most reliable estimates in Beirut.

Since Sunday, when the operations began, the Israeli Army has announced that it has killed about 500 guerrillas, which it always refers to as "terrorists." This figure presumably has grown in the most recent fighting.

Several thousand guerrillas are believed to be still in the area under Israeli control, in hiding or posing as civilians in an attempt to escape capture. Others have fled northward to join their comrades in Beirut, Israeli military sources said.

To root out the guerrillas remaining in the occupied portion of Lebanon, Israeli forces are conducting what would be described in English as "mopping up operations." The Hebrew word Israeli

officers use to describe the operations means "purification."

Israeli administrators from the West Bank have long years of experience doing this sort of work, the sources said. They conducted similar searches after Israel captured that territory from Jordan and Palestinian guerrillas mounted infiltration raids across the Jordan River in 1968 and 1969, often hiding in hills and caves around the West Bank similar to those in Lebanon.

Israeli soldiers, backed by tanks and armored personnel carriers, man frequent checkpoints along most of the shell-pocked roads that traverse southern Lebanon. They stop cars, many flying white flags from antennas, and demand Lebanese identity cards of all civilians.

Unfriendly interrogation awaits those who do not have them.

Hillside bristling with radio relay equipment. The skeleton of a military communications network covers the occupied territory — stretching from the border to a line eastward from the southern Beirut suburbs to Israeli positions in eastern Lebanon just south of the main Beirut-to-Damascus highway.

Israel has not disclosed casualty figures among the civilians. The Lebanese Red Cross, according to radio reports from Lebanon, estimated that 1,000 people were killed and 3,000 wounded in the battle for Sidon and the Israeli bombardment and shelling that preceded it.

Police Halt Protests in 3 Polish Cities

WARSAW — Polish security forces Sunday stopped opposition demonstrations in Gdansk, Wroclaw and Nowa Huta as Poles marked six months of martial law, the PAP news agency said. It said attempts to "organize gatherings and cause street disturbances" were quickly checked by security forces.

In West Berlin, a spokeswoman at the U.S. Tempelhof air base said three Polish men used a small plane with pasted-on Soviet markings to escape to the West. She quoted the three men, who asked for asylum, as saying they overpowered the watchman of an aero club in Wroclaw without injuring him, attached the Soviet markings and took off early Sunday.

Afghanistan Claims Strategic Victory

NEW DELHI — Afghanistan said that 30 insurgent groups have been wiped out in recent fighting in the strategic Panjshir Valley northeast of Kabul.

Western diplomats support the broadcast claims that Soviet and Afghan forces captured much of the rebel-held valley controlling supply lines to northern and northeastern provinces in a two-week offensive in which paratroopers, dropped by helicopters, sealed off guerrilla positions.

The broadcast, monitored in New Delhi Saturday, said government troops seized 8,500 light weapons, 98 rocket-launchers, 691 mines, nine heavy machine guns, and a large quantity of other arms and ammunition from the anti-Communist guerrillas.

Army Action Reported in Zimbabwe

HARARE — Intense military activity was reported during the weekend in the troubled southern Zimbabwe province of Matabeleland.

Travelers arriving in Bulawayo, the provincial capital, reported seeing paratroop landings in the Matopos mountains in midweek, followed by prolonged gunfire. Bulawayo residents, reached by telephone Sunday, said camouflaged army force Dakota transports were constantly flying south over the city.

No government comment was available. At least 25 people have been killed in Matabeleland in the past two months. The government of Prime Minister Robert Mugabe has blamed former guerrillas loyal to Matabeleland-based opposition leader Joshua Nkomo, accused from the ruling coalition in February after allegations he was plotting a coup. Mr. Nkomo denies the accusation.

Spain Communists Re-elect Carrillo

MADRID — Santiago Carrillo emerged with his leadership apparently stronger Sunday after the Spanish Communist Party called him back as its leader.

Mr. Carrillo resigned as secretary-general Wednesday night on the eve of a three-day meeting of the party's central committee after a disagreement with dissidents.

Because of Mr. Carrillo's 67-to-4 victory in the central committee vote late Saturday, the party's deputy secretary-general, Nicolas Sartorius, resigned his position. Disagreement between Mr. Carrillo, 67, and Mr. Sartorius, 39, was centered on Mr. Carrillo's expulsion last year of more than 60 national and local leaders who opposed his anti-Soviet policy.

200 Detained at Soweto Ceremony

JOHANNESBURG — More than 200 people were detained by police Sunday night in the black township of Soweto during a memorial service for a black union leader, informed sources said.

Those reportedly held were said to include Dr. Nthato Motlana, an influential Soweto black activist, and Albertina Simu, wife of imprisoned African National Congress leader Albert Simu.

The detentions were reported three days before the sixth anniversary of riots that left more than 500 people dead in the sprawling black township outside Johannesburg. Sunday's ceremony, organized by the Young Women's Christian Organization, was held in memory of African National Congress member Petrus Ntjima and his wife, who died in a bomb blast in Swaziland two weeks ago.

Plane Crash Kills 44 Brazilians

MANAUS, Brazil — All 44 Brazilians aboard a airliner that crashed into an airport parking lot at the northwestern city of Tabatinga on Saturday were killed, officials said Sunday.

Airliner and air force officials said the TABA airlines Fokker-27 twin-propeller plane on a flight from the town of Eirunepi hit a lightning tower and crashed into the parking lot next to the airport, 620 miles (992 kilometers) west of the Amazon port of Manaus.

Compiled From Agency Dispatches

Saudi Monarch Pledges Continuity of Policies

JEDDAH — King Fahd, Saudi Arabia's new ruler, has pledged to follow the policies of King Khalid, his elder brother who died Sunday.

A sobbing King Fahd told the nation in a radio address that King Khalid had unreservedly served Arabs and Moslems.

"We will continue his path, seek to realize his hopes and complete his plan," King Fahd said after King Khalid was buried before sunset at a cemetery outside the capital of Riyadh following funeral prayers. "We seek nothing but the glory of Arabs and Moslems," the new king added.

State television said Sunday night that King Fahd, 59, had appointed himself prime minister. It added that new Crown Prince Abdullah, commander of the national guard, had succeeded the king as first deputy prime minister, while the post of second deputy prime minister went to the defense minister.

His strategy was demonstrated recently when the kingdom varied its oil production capacity, first to bring down higher oil prices and then to defend the basic OPEC price of \$34 dollars a barrel. He is on record as saying that Saudi Arabia would continue its moderate oil policies.

King Fahd has been at the center of Middle Eastern political issues. He is chairman of the Islamic Conference, a 45-nation Organization, which is based in Jeddah, and his country is also the leading power in the six-nation Gulf Cooperation Council, which was formed a year ago after the Iranian revolution, the Soviet intervention in Afghanistan and the Iraq-Iran war.

Although a strong supporter of the Palestine Liberation Organization, last year he produced a Middle East peace plan that implicitly recognized Israel, only to run into opposition from radical Arab states.

The king entered politics in his early 30s, becoming the country's first minister of education under King Saud in the mid-1950s. In that role, he played a large part in forming a generation of educated and technically competent young Saudis trained to apply modern technology in the kingdom.

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U.S. Seeks a Long-Range Answer To the Problems Facing Lebanon

By Bernard Gwertzman
New York Times Service

WASHINGTON — The Reagan administration has apparently decided to make the best out of Israel's military actions in Lebanon by trying to translate them into a long-term political solution for that country.

In part, State Department officials said, this course was dictated when Prime Minister Menachem Begin informed President Reagan on Thursday that he would agree to a cease-fire but would not pull out Israeli forces until certain conditions were met — the creation of a Lebanese government free of Syrian and Palestine Liberation Organization pressure and the ending of the use of Lebanese territory as a military base for attacks on Israel.

Officials said Middle East experts advised Secretary of State Alexander M. Haig Jr. that because of Mr. Begin's adamancy, there was no way the United States could bring about an Israeli withdrawal except as an element in an overall settlement of the Lebanese crisis.

As a result, the administration decided to welcome Israel's announcement Friday of a cease-fire and not to make an issue of Israel's refusal to accept a UN Security Council demand for an immediate withdrawal.

It is anticipated, they said, that there will have to be a prolonged period of negotiations involving the United States, Israel, Syria, the Lebanese authorities and political factions, and Saudi Arabia before a formula can be found for resolving the crisis.

Israeli View Shared

They said it is inevitable that there will be differences between the United States and Israel once the negotiations begin. But officials said that despite Washington's unhappiness with Israel's invasion, the United States shares Israel's view that there should not be a return to the situation in which the central government in Beirut had no control over the PLO forces, the Syrians and sectarian armies in Lebanon.

In fact, officials said, the United States was already moving through peaceful means to change the situation when the Israeli strike hit. Mr. Haig, in his Middle East policy speech on May 26, had announced that the United States was giving priority to ending Lebanon's political deterioration.

The United States has been trying without success since the Lebanese civil war began in 1975 to strengthen the central government and to reduce the PLO and Syrian roles in the country. Middle East specialists suggest now, however, that the Israeli invasion may have so unsettled the situation that some new initiatives, as yet undetermined, may succeed.

If the negotiations on Lebanon fail, however, there is a strong likelihood that Israel will want to remain in Lebanon indefinitely. This could bring about a major con-

frontation between Israel and the United States, a development that Washington is trying to avoid.

The administration's Middle East policy has been marked by seeming inconsistencies ever since Mr. Reagan took office, and from the start of this crisis it has been following what appeared to be an ambiguous policy.

On the one hand, it joined in voting for the Security Council resolutions calling for an immediate cease-fire and Israeli withdrawal. But with Philip C. Habib, the special U.S. peace envoy, on his way to the region, the administration refused to condemn the Israeli actions because Mr. Habib feared it would make his talks with Mr. Begin impossible.

Moreover, Mr. Haig made it clear that he did not quarrel with Israel's concerns about the growing PLO strength on its northern borders.

When the conflict expanded to clashes between Israeli and Syrian forces, the administration started to worry that the Soviet Union might become involved on the side of its Syrian ally. Mr. Reagan, in his messages to Mr. Begin urging a cease-fire, referred to a note he had received from Leonid I. Brezhnev, the Soviet leader, expressing concern over the Lebanese crisis.

But Mr. Brezhnev's message had the effect, officials said, of making an U.S. public rebuke of Israel even less likely. One State Department official said the administration does not believe in quarreling openly with a friendly government. In addition, he said, the administration will not criticize Israel when the Soviet Union is also doing so.

Administration officials said that one indirect result of the Lebanese crisis may be that it will give Iraq a face-saving way to end its war with Iran by allowing it to pull its troops out of Iran while citing a threat from Israel.



Israel has sent Israeli-made Merkava tanks into combat for the first time as part of its invasion of Lebanon. Here a Merkava rolled down a street in Nabatieh, near the UN buffer zone.

Mideast Casualty List Includes Soviet Tanks

By Michael Getler
Washington Post Service

WASHINGTON — The list of Soviet-made weapons that have become casualties of the fighting in Lebanon appears to be growing.

On Friday, Defense Minister Ariel Sharon of Israel announced that new Israeli-made Merkava tanks had knocked out nine of the Soviet Union's latest T-72 medium

tanks in battles with Syrian forces.

The T-72 is the latest Soviet main battle tank. Several thousand are in service with Soviet forces and smaller numbers are in service with Soviet allies in Eastern Europe and other regions, including about 400 in the Syrian Army.

Mr. Sharon claimed that the battle showed the supremacy of the Merkava, which is equipped with a U.S. 105-mm gun, "over what had been thought of as the best tank in existence."

U.S. specialists said that it was far too early to evaluate such a claim because the circumstances of the battle were not known. The extent of training of the Syrian crews and of Israeli losses also were not known in Washington.

Nevertheless, this was believed to be the first combat test of the T-72, and specialists said analysis of the results could be especially important for North Atlantic Treaty Organization forces.

Improved Armor

The T-72 is supposed to be protected by improved armor.

The loss of the tanks by Syria could become a prize for Western intelligence agencies if the Israelis manage to recover the vehicles and let U.S. specialists inspect them. The Israelis captured hundreds of older Soviet T-62 tanks during the 1973 Middle East war, and they provided valuable information for allies.

Soviet-built MiG-21 and MiG-23 jet fighters and SAM-2 and SAM-6 surface-to-air missiles used by the Syrians also were knocked out in large numbers, according to Israeli reports that are generally confirmed in Washington.

Cease-Fire Is Shattered

(Continued From Page 1)

al of all foreign forces from Lebanon including 30,000 Syrian troops who have been in the country for the past six years.

Senior Israeli officials said the plan called for a demilitarized zone in Lebanon adjacent to the northern Israeli border policed by an international force.

The officials said the force should include major U.S. participation but no involvement of the Soviet Union. They ruled out a United Nations force because they said that would be set up with Soviet approval and participation.

At the Vatican, Pope John Paul II called Sunday for emergency aid to Lebanon and warned that there can be no lasting Middle East peace unless the Palestinians' identity is preserved.

He said Israel's invasion of Lebanon and the ensuing deaths had caused "a profound sense of pity and sorrow in my soul."

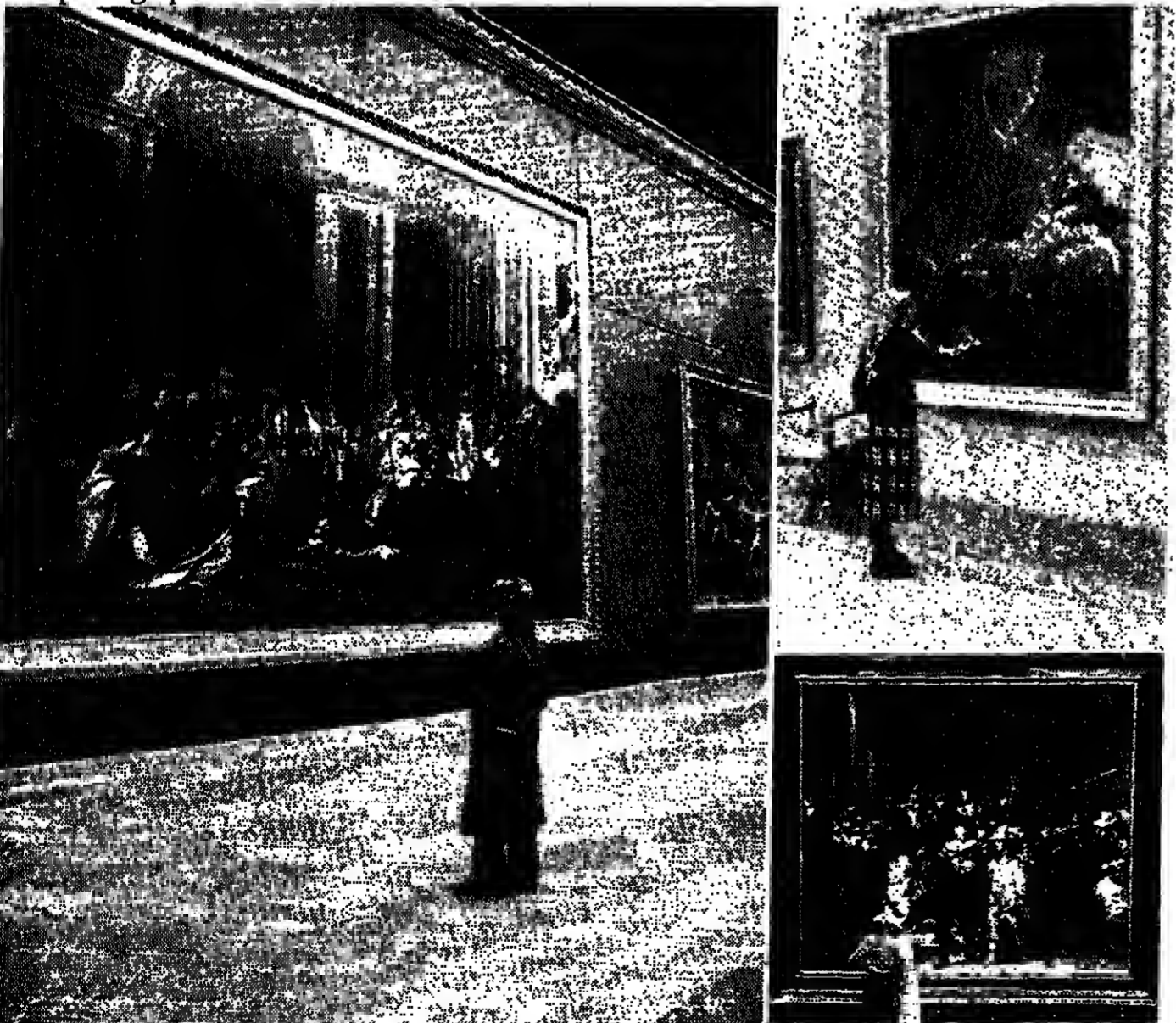
Meanwhile, Israeli troops south of Zaharani River, 26 miles north of the Israeli-Lebanese border, have begun organizing Lebanese civilians in scouting and guard patrols to prevent ousted Palestinian guerrillas from returning to the area, Israeli radio quoted a senior officer as saying.

The civilians will be under the leadership of rightist Christian militia leader Maj. Saad Haddad, whose "Free Lebanon" enclave along the Israeli-Lebanese border will be extended north to the Zaharani River, said the officer, who was not identified.

The Phalangist Voice of Lebanon, a Beirut radio station, reported that the first contingent of Iranian soldiers, a 300-man force, had arrived in Syria and crossed into Lebanon to help the Palestinians.

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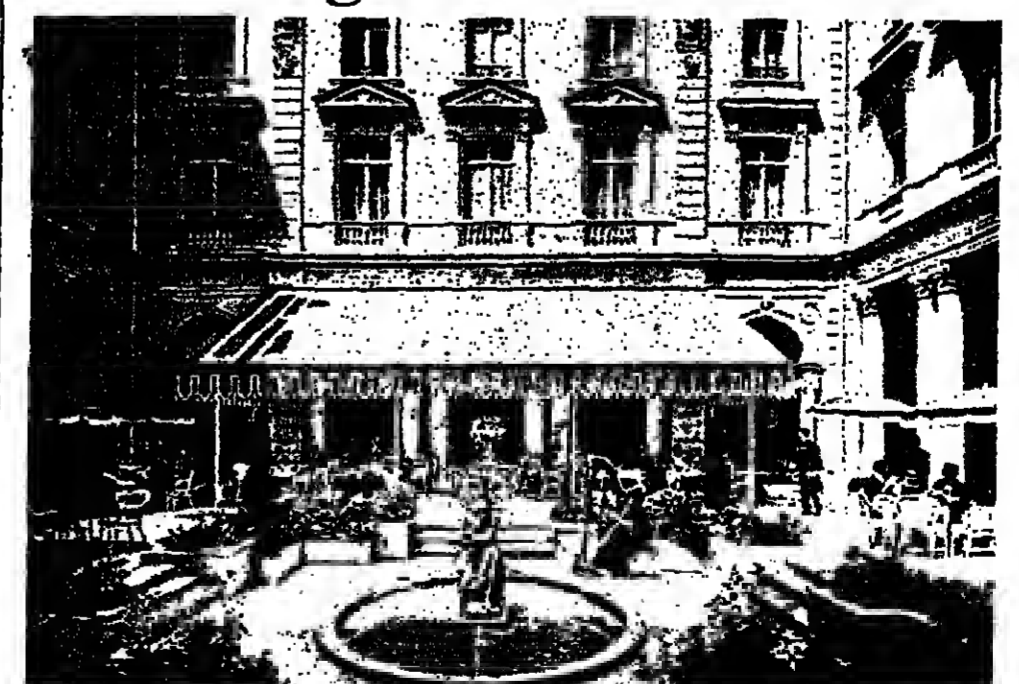
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Thatcher Appears Decided to Plan For Long-Term Falklands Defense

By Leonard Downie Jr.

LONDON — Turning aside advice from the Reagan administration and her own Foreign Office, Prime Minister Margaret Thatcher appears determined to turn the Falkland Islands into a British-occupied fortress if they are recaptured from Argentina.

After already having spent about \$2 billion in the war to regain the islands, Mrs. Thatcher is considering long-term defensive measures that could cost \$500 million a year.

Although she has insisted that the United States and other Latin American countries to join in a security arrangement for the Falklands, Mrs. Thatcher has made it clear that she otherwise intends for Britain to take sole responsibility for them. She has ruled out of her plans negotiations to give Argentina any say in the future of the islands.

She has talked about guarding the islands with warships and submarines, anti-aircraft missile systems and jet fighters and bombers using an extended runway at Stanley Airport.

"It will mean that we will have to make a number of considerable expenditures," Mrs. Thatcher said

last week. "Freedom is expensive to defend. It is worth defending."

Military analysts in London said this would mean leaving a garrison of 3,000 soldiers or more on the Falklands, protected by Phantom fighter-bombers, Rapier anti-aircraft missiles, radar planes, transport aircraft, combat and transport helicopters, several warships and one or two nuclear-powered submarines.

They estimated that this would cost at least \$200 million a year more than the normal cost of maintaining the resources elsewhere in the British military.

Effect on NATO

It could also mean removing troops, planes, ships and armaments from NATO defense roles in the North Atlantic, mainland Britain and possibly West Germany. To replace them instead would increase the annual bill to about \$500 million, the analysts estimated. More money also would have to be spent on necessary improvements, such as lengthening the Stanley Airport runway.

British government sources estimated that it has already cost nearly \$1 billion for the fuel, ammunition, ship requisitions and other expenses of fighting the Falklands war. This does not include the amount that would have been

spent to pay the troops involved and maintain their equipment.

The ships, planes and other equipment that have been lost in the fighting so far have added at least another \$1 billion to the bill, according to these sources. This brought the total to about \$2 billion before the start of the fighting around Stanley this weekend.

British officials have insisted that the costs of the war can be absorbed by a large contingency fund in the government's budget. If more money is needed, they have said, taxes would be raised to avoid damaging Mrs. Thatcher's efforts to hold down budget deficits and government borrowing. It already appears that the war may prevent the government from making intended income tax cuts next year.

Mrs. Thatcher has also indicated that she is willing to spend sizable sums of money developing the Falklands economy and attracting new settlers there before offering the inhabitants some form of British-protected self-government.

A large British military garrison that would triple the population of about 1,800 would have a major economic and social impact on the Falklands.

New barracks, hangars, docks and roads would have to be built



HOMEWARD BOUND — Captains David Hart-Dyke of the Coventry, left, Alan West of the Ardent and Nick Tobin of the Antelope were among the 700 British sailors who arrived in Southampton Friday from the Falkland Islands aboard the Queen Elizabeth 2. The Coventry, Ardent and Antelope were three of the British ships that were sunk in Argentine attacks.

for the troops, and Mrs. Thatcher has promised to rebuild the islanders' homes after the war.

She also has begun emphasizing the strategic importance of the Falklands and the British dependencies of South Georgia and South Sandwich to the southeast, on sea

routes to Antarctica and around South America.

Rebels Say 600 Killed

London (UPI) — Denis Healey, the opposition Labour Party's foreign policy spokesman, said

Sunday that Britain should hand over the Falkland Islands to a trusteeship under the United Nations once they are recaptured.

Mr. Healey said the trusteeship should involve the United States and several Latin American countries.

Censorship, Military Restrictions Limit News From the War Fronts

By Jonathan Friendly

NEW YORK — Governments' restrictions on reporters, including the denial of access to battle areas and censorship of dispatches and pictures, has kept the public from getting full and objective reports about the fighting in Lebanon, in the Falkland Islands and along the Iranian-Iraqi border.

Officials say the restrictions on such information as the progress of a battle or the extent of civilian and military casualties are required for security reasons. Readers and viewers in Western societies, however, have come to expect such information.

In interviews, executives of news organizations in the United States said they were not surprised that Iraq and Iraq kept correspondents from the battlefield, but that they were taken aback by the actions of Britain and Israel, two democracies with traditions of relatively open access to information.

"They said the restrictions on reporters added to the already complicated process of gathering news at a time when three wars were being waged simultaneously,"

The only reporters allowed to accompany the British fleet and their dispatches are subject to military censorship and must move through military communications channels.

Argentina also has not permitted any foreign reporters on the islands. Formal military briefings for foreign reporters began in Buenos Aires only last week.

Reporters Barred

Israel, departing from its practice in previous wars, including the 1978 invasion of Lebanon, has effectively barred foreign reporters from its side of the battlefronts until well after the fighting is over. Correspondents say Israel has intensified its review of dispatches that deal with military or security matters.

Newspaper and news agency editors, and officials of television networks said their reporters in Lebanon were able to get within sight of some action from the Arab side, so that the coverage problem there was less severe than that found in the Falklands fighting.

Karen DeYoung, foreign editor of The Washington

Post, said the primary effect of being denied battlefield access in Lebanon is that "we don't have a good fix on the number of prisoners or the number of casualties."

Balance Needed

Craig R. Whitney, foreign editor of The New York Times, said, "We have no idea at all how much damage has been done or what has happened to all those thousands of people" who had been living in the Lebanese territory that Israeli troops seized.

The editors all said they were conscious of a need to balance conflicting accounts of fighting, not just in the Middle East or the Falklands but also in Afghanistan, where the only information comes from guerrillas and is smuggled across the border or in secondhand accounts from diplomatic sources, and in El Salvador, where reporters have had considerable access to the government and less to the guerrillas.

Nate Polowetzky, foreign editor of The Associated Press, said, "You have to report what they are saying, what they are claiming. Then you have to show it might be propaganda."

Richard O'Mara, foreign editor of The Baltimore Sun, said Argentina's reluctance to say anything for most of the last two months had created "an imbalance in coverage."

He said, for example, that his reporter in Buenos Aires felt that the Western press had been too ready to accept British claims that it could take the capital, Stanley, when the 12-day halt in British operations tended to support the Argentine claim that the attack was stalled.

In 1973 and 1978, the Israelis not only allowed correspondents to go to the battlefronts, but also provided frequent briefings by ranking military officers. Last week, they waited until Thursday before setting up a communications center for such briefings.

Israeli officials said privately the restrictions had been imposed for at least one strictly military reason: to avoid revealing data the Palestine Liberation Organization could not get without a sophisticated intelligence capability. But they also said that graphic battlefield accounts could have increased international pressure for a cease-fire.

Turkey Moves With Deliberation On Coastal Road to Soviet Union

By Marvin Howe

HOPEA, Turkey — Earth-moving machines are busy leveling the unfinished coastal road to the Soviet border, just nine miles away, and the residents in this Black Sea port hope that its completion next year will mean the opening of the Turkish-Soviet border to trade and travel.

"Everybody wants to open the door," says a Hopa businessman who would like to sell tangerines to the Russians. "The Russians will take our fruits and vegetables and anything else we have to sell them."

"The Soviet Union has finished the side of the coastal road and even built a customs house, but Turkish authorities decline to predict when their road will be completed since that is a political decision."

"There is an old road from Hopa to the border village of Sarp, but it is narrow and winds around rugged cliffs, takes twice as long to travel as the new road — and would not be of much use to an invading army."

Although the Turks have a long history of conflict with the Rus-

sians, who occupied a large northeastern section of the country as late as 1917, the residents of Hopa hold the firm belief that if there were an invasion it would be a Western problem, not a Turkish problem.

At a bend in the new road, it is possible to see the Soviet port of Batumi and the divided border town, which is called Sarp on the Soviet side and Sarp on the Turkish side.

Sarp was split in 1920, but peasants recall that they could go freely back and forth to tend their farms or visit relatives until 1937. They say in that year there was an uprising on the Soviet side, and the local leaders of Turkish origin were sent to Siberia and the Sarp border was sealed.

Sarp is a restricted zone and foreign visitors must have written authorization from Turkish military authorities in Ankara to get within five miles of the border. Even with verbal assurances from Ankara officials, two American journalists recently waited two weeks in vain to visit Sarp.

A Turkish journalist, Bulent Eskinat, visited Sarp but reported he was constantly accompanied by

a Turkish lieutenant and repeatedly cautioned not to make any gestures or take out his camera in sight of the Soviet border guards.

Mr. Eskinat wrote that the Sarp villagers who have relatives on the other side complained that they could not talk to one another, and it takes two to three months to send a letter from Sarp to Sarp, 100 yards away.

Long Wait to Leave

It is difficult for young people to get permission to leave the Soviet Union to join their families in Turkey, said a Turk who has relatives in Sarp. On the other hand, old people can usually leave if they wait five or six years for permission, he said.

The Russians are due back in Hopa soon for talks. They always show up in a group of eight, sometimes laden with gifts such as vodka. In return, it is said, the most precious gifts the citizens of Hopa can offer are nylon stockings and bars of soap.

While the people of Hopa are waiting for the border to open, they can trade with Iran, about 300 rugged miles away.



Simon Wiesenthal

Wiesenthal Home Damaged by Blast

VIENNA — A bomb blast damaged the home of Simon Wiesenthal, head of the Jewish Documentation Center here, but neither he nor anyone else was hurt, the police reported.

Mr. Wiesenthal said after the attack Friday that the explosion occurred at about 10:30 p.m. when he and his wife Silla were asleep.

Mr. Wiesenthal, 73, said it was believed that the attack was the work of Austrians, not foreigners.

U.S. Said to Bar Russia From Deep-Sea Project

By Walter Sullivan

NEW YORK — The Soviet Union, reportedly on orders from the White House, is not being invited to continue to participate in a highly successful international deep-sea drilling project.

While Americans involved in the project expressed dismay at the loss of Soviet participation, they were unwilling to do so on the record.

The Soviet Union, which has been involved in the project for nine years, was originally invited to join it as a result of a 1972 agreement on Soviet-American cooperation in science and technology. A similar agreement involving cooperation in space has not been renewed by the United States.

One effect of the latest decision may be to increase the American financial burden in the Deep Sea Drilling Project. The Russians, like other non-American participants, paid dues, but the United States carries the chief financial load through financing by the National Science Foundation.

The Russians were the first non-Americans to join the project. Britain, France, Japan and West Ger-

many then followed suit. Initially each contributed \$1 million annually, but the dues have doubled and may rise to \$3 million if it is decided to convert the huge Glomar Explorer into a drilling ship.

From its outset, the project has been centered on another ship, the Glomar Challenger. By drilling several hundred holes deep into the floors of all the world's oceans, that ship has obtained evidence on the histories of oceanic basins, the life that inhabited them, the movements of continents and changes in climate.

Project officials are now considering whether to spend up to \$70 million to convert the Glomar Explorer so that she can explore deeper reaches of the ocean. As a decision nears, efforts are being made to recruit other foreign participants.

Among the proposals discussed was the banding together of smaller countries, such as those in Scandinavia, to form a consortium that would pay a single membership fee. The present contract for use of the Glomar Challenger expires in September, 1983, and one proposal is to suspend its operations in a two-year period while the Glomar Explorer is converted.

In First Combat Test, U.S.-Trained Units Kill 135 Salvadoran Rebels

By Raymond Bonner

SAN SALVADOR — The Salvadoran soldiers who recently completed training in the United States have taken part in their first combat operation, a search-and-destroy mission in mountainous regions of Chalatenango province in which the army says 135 rebels were killed.

The operation was the largest of the 2½-year-old war, involving at least 3,000 men from three battalions, plus artillery and air support.

The 960 young soldiers of the Ramon Belloso Battalion returned early in May after 16 weeks of training at Fort Bragg, N.C. Also back are about 500 cadets aged 17 to 20 who attended officer training school at Fort Benning, Ga.

Taking part in the operation with the Belloso soldiers were the Atlacatl Battalion, which was trained in counterinsurgency by the approximately 50 American advisers here, and the Atamal Battalion, which is receiving similar training.

Rebels Say 600 Killed

Venezuela, the rebels' clandestine radio station, has said that 600 civilians were killed by government soldiers in the operation in Chalatenango, a rebel stronghold in the north of the country.

At a news conference Wednesday to discuss the operation, Col. Domingo Monterrosa said he did not know how many of the 135 rebels killed were actually combatants. He acknowledged that "some were unarmed, including some women." Three government soldiers were killed and 20 wounded, according to Col. Monterrosa.

The Salvadoran Army has conducted 15 major sweep-and-destroy operations. They have not been particularly successful, and a Western analyst said recently that U.S. advisers had sought to convince the Salvadorans "that a five-man patrol has a higher survival rate than a 40-man patrol."

Government casualties are rising. There were 801 soldiers killed in 1981, according to El Proceso, a weekly publication of the private University of Central America. In the first quarter of this year, the toll was 467. In April, 202 soldiers were reported killed in action, one of the highest monthly totals since the guerrillas launched a nationwide offensive in January, 1981.

Long Fight Ahead

Even with the increased American arms, money and training, a military defeat of the guerrillas is at least two years away, according to many familiar with the military situation here. On the other side, the insurgents are reconciled to a war that will not bring them victory for three to five years, according to some of their leaders.

Assessing the strength, ability and morale of the guerrillas is difficult since reporters have had only rare opportunities to cover the war from their side. But, like the government soldiers, they have gained considerable combat experience and appear to be stronger than they were 18 months ago.

In significant parts of the provinces of Morazan, Usulután, Chalatenango, a revolutionary society functions except when the army attacks.

In late March guerrillas fought for five days in the city of Usulután, the country's fourth largest, and they have again seized Perquin, the second largest city in the eastern province of Morazan, which they held for nine days last August.

For the most part, the war has moved out of the major cities. The police still patrol with automatic

rifles protruding from car windows, but the residents of the capital appear mostly unaffected by the war. Even rural areas are relatively tranquil, although there is tense expectation that the guerrillas are resting in preparation for new attacks.

U.S. Congress Is Firm on Cutting Aid

By William Chapman

WASHINGTON — The latest fight over aid for El Salvador apparently has ended with Congress standing firm on its intention to reduce funds sharply.

"The Senate Foreign Relations Committee doesn't think that it overreacted," Deane R. Hinton, the U.S. ambassador to El Salvador and a staunch proponent of aiding that country, said Friday. "I say that it did."

At issue are millions of dollars that Congress has refused to authorize for the Central American country, which is broke and heavily dependent on U.S. aid to continue its resistance to insurgents.

The Senate committee has cut the administration's request of \$166 million for El Salvador by about \$100 million, an action that brought Mr. Hinton to Washington, where he has made pleas to politicians and the press for a restoration of the money.

But by the end of last week there were no signs that Congress would reconsider and approve the Reagan administration's request. Neither chamber appeared to be in a hurry to bring foreign aid bills containing Salvadoran assistance to the floor.

Land Reform Dispute

Rep. Clement J. Zablocki, a Wisconsin Democrat who is chairman of the House Foreign Affairs Committee, said he will not bring his bill to the floor before mid-July. "If the situation is not more promising, we will put it over until next year," he said.

The Senate committee will not move its bill to the floor until late July at the earliest.

In part, members are reluctant to vote for foreign aid after they slashed domestic programs under the budget resolutions passed by both houses. But their hesitancy is also due to the Salvadoran government's recent altering of a land redistribution program that Congress has insisted is essential to continuation of U.S. aid.

The reform program had been designed to give small plots to poor farmers, many of whom had been renting and working the land for years.

Now, however, there is disagreement about exactly what El Salvador's Constituent Assembly did in changing the third phase of the program.

Mr. Hinton denied that any part of it has been suspended, contending that the Constituent Assembly had merely removed the program's prohibition on renting four types of crop land. He pictured the action as justified to keep that country's economy going.

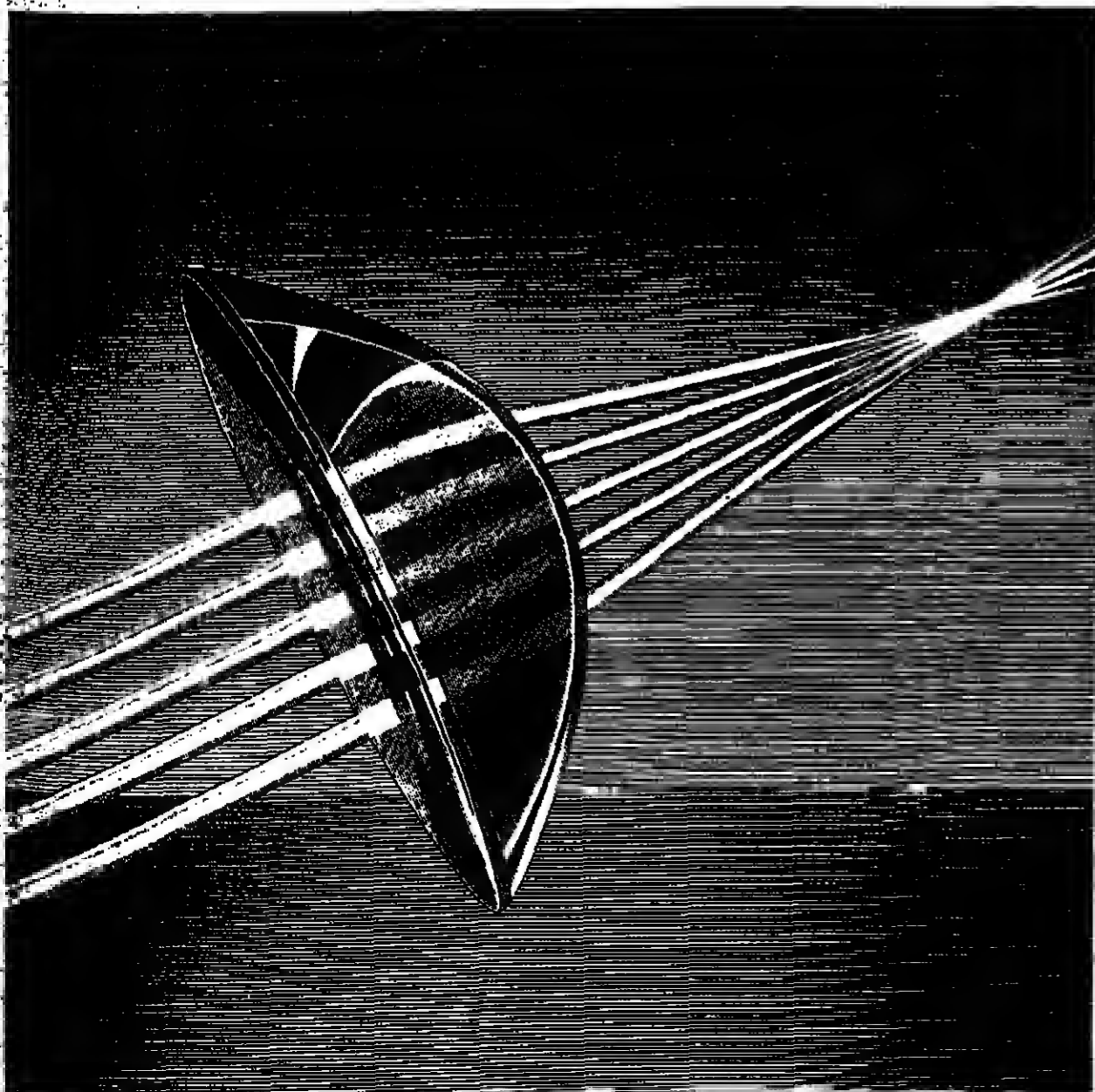
However, under questioning he conceded that land reform is in jeopardy because of opposition from big landowners with friends in the new government, and he acknowledged that the assembly's action "creates a new element of uncertainty" about the program.

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Herald Tribune

Published With The New York Times and The Washington Post

Lebanon for Lebanese

Israeli troops and American weapons have created another "new fact" in the Middle East and there is no point waiting about what might have been. Arguably, perhaps foolishly, the Israelis believe they can by force create the stable environment that history has denied them. Every battle creates imperatives for more battle, but the Israelis pursue a tough logic. Like it or not, their policy can be deterred only with better policy.

In Lebanon, the world has left the Israelis to their own devices.

After a decade of civil war, Syrian occupation, Palestinian agitation and Israeli intervention, there was no more Lebanon. Its Christian-Muslim society had collapsed, leaving a feudal array of private armies and a battleground on a once-peaceful southern frontier. The civil war was ignited by the arrival of militant Palestinians after they failed, in their 1970 "Black September," to seize Jordan. To prevent a total PLO takeover, and to stake its own claim to Lebanon, Syria thrust in its army and tried, in cynical coordination with Israel, to rule the ruins.

It did not work, because no one dared to challenge the dynamic Palestinians. They carved out many enclaves to build a state within the Lebanese non-state. Recruiting among Palestinian refugees, the PLO built its guerrilla forces into what began to resemble a regular army, with artillery, tanks and rockets from Libya and Russia.

Israel tried smashing these concentrations from the air, with occasional ground assaults

and with military aid to various Christian armies. But when helping the Christians threatened Syria's air, Israel and Syria fell to contesting the air. Hence last summer's crisis over Syria's anti-aircraft missiles and the American-sponsored Israeli-PLO cease-fire. But the PLO buildup continued while no one produced even a plan to revive Lebanon. So now the Israelis offer theirs, violently.

One need not approve every facet of Israel's policy to see the opportunity it creates. A more forthcoming posture toward the West Bank Palestinians would give Israel a more compelling moral case. But the peace of Lebanon is also a moral issue, whose worldwide evasion merely hardened Israel's resolve.

Only now are the warring Christian and Moslem armies of Lebanon suddenly offering to pull together to reclaim their land. Only now are Lebanon's leaders emboldened to speak of Syrian as well as Israeli withdrawals. Israel asks a great deal to be seen as its neighbor's liberator, but such a liberation is in the interest of both countries, and also of America, for it could bring peace to another one of Israel's borders.

The Palestinian problem will not be blown away like so many PLO strongholds. But neither will a Palestinian home ever be built in the rubble of Lebanon. Behind the universal demand for Israel's withdrawal lies the open question of what it should leave behind. The world's answer should be not the PLO, not Syria, and not chaos, but a Lebanon.

THE NEW YORK TIMES.

With a cease-fire in place in Lebanon, the sorting out of the latest Middle East crisis can begin. The first item on the agenda must be Lebanon. For 10 years, and rarely more cruelly than in the last week, its neighbors have been crashing through its house. Now with the Syrians and the PLO battered and Israel ascendant and prepared to bargain its new presence down, there may be an opening to assist the Lebanese to set their house right. Rehabilitation must go forward, and Lebanon's destiny must be returned to Lebanese hands. This means a government that is respectful of Israel's anti-terrorist interests but is not an Israeli puppet.

Some confusing currents are running. In Washington there is understanding of Israeli security requirements but a quiet shock verging on anger concerning the ferocity of Israel's attack, the evident expansion of its goals as the week wore on and the way it took advantage of President Reagan's distraction in Europe and of his initial tendency to indulge Israel on the basis of its claim simply to be securing its border. In other capitals there may be a mean resistance to the idea of reviving Lebanon on grounds that Israel will profit from it by gaining a good neighbor and some respite from terror, and that Syria and the PLO will lose in pride and strategic place. Still, no responsible government will allow its general feelings about the Middle East to get in the way of its specific obligations to Lebanon. That must be the priority.

No matter what unfolds in Lebanon, it is clear that Israel and the United States have reached a very troubled place. The difficulty is not merely that the Israelis, again, have embarrassed America in the eyes of friendly Arab regimes by the extravagant use of their military advantage. That is true, but honesty compels the offsetting admission that Israel was doing a nasty job that almost every other nation, including the United States, wanted done but did not have the heart to do. Most of the regimes in whose eyes the United States was embarrassed by Israel last week were scarcely embarrassed at all, as they should have been, by the years of Palestinian and Syrian abuse of prostrate Lebanon.

Other Editorial Opinion

From the Blood of Martyrs

Sanguis martyrum, semen christianorum. "The blood of the martyrs is the seed of Christians," went the saying in the early centuries. Perhaps the Palestinian nation indeed did not exist a quarter of a century ago. The fact is that it exists today, and that, like many another, it was born primarily of suffering, frustration and a determination to escape from both, one day.

It is not by crushing this nation that one will have extirpated the hatred that fills it in sight of the arrogance of the momentary victor and the indifference of the rest of the world. This is not the way one leads it to the gesture which, made earlier, would have changed everything: public acceptance at long last of what various PLO officials have admitted for years in private, that is, that it is madness to claim to envisage a peace in that part of the world that does not take the existence of a Jewish state into account.

At present, the magnanimity which in earlier times (notably in 1967) might have opened a way out of the impasse, aside from being scarcely compatible with the temperament of Menachem Begin, might well seem

intolerable to combatants who have drunk humiliation to the dregs. And yet, might not the time have come — after so much blood spilled, so much wealth wasted — to explore at last the path of mutual recognition? Otherwise, who can doubt that after this fifth war there will come another?

— From *Le Monde* (Paris).

Superpowers and Small Wars

A deterioration in Soviet-U.S. relations affects the whole world, and their recovery and improvement are necessary for the prevention and settlement of the minor wars which seem to have increased in number and destructiveness over the past few years.

Without some understanding between the United States and the Soviet Union, the fragile fabric of international law and order begins to fray and tear. Of course, it is even worse if one of the superpowers itself puts its boot through that fabric, as the Russians did in Afghanistan. Many Europeans believe that the clumsiness of American policy is largely responsible for the present disastrous situation in the Middle East.

— From *The Observer* (London).

June 14: From Our Pages of 75 and 50 Years Ago

1907: Naming Newspaper Owners

NEW YORK — Governor Hughes has signed a bill requiring newspapers to publish daily, after July 1, on the first page or at the top of the editorial page, the name and address of the proprietor, or, in case of a corporation, the name and address of the president, treasurer and secretary. It is believed that if tested in court the law will be declared unconstitutional, for a similar statute has been passed in some of the other states, which the courts have declared null. It is supposed to be aimed at such newspapers as Mr. William Randolph Hearst's, which avoid lawsuits by concealing their ownership under various subsidiary corporations, but the bill affects all newspapers.

1932: Big Soviet Oil Deposits

MOSCOW — Discovery of the world's largest oil deposits, expected to make the Soviet Union the leading producer and exporter, has been announced in Sverdlovsk. Researches have revealed three new oil regions, each equal in size to the present Caucasian fields. The most recent discovery was at Bashkiria, where deposits are estimated at hundreds of millions of tons. This area is a continuation of deposits previously investigated farther north in the region of the Emba River. The third district is Ukhinsk, in the southern Urals. The three discoveries form an almost continuous oil belt conveniently near the great new Soviet industrial developments, thus releasing the Caucasian output for export.

Out of Lebanon's Ruins

An Imaginative Solution for the Middle East, Now

By Nadav Safran

CAMBRIDGE, Mass. — Historians will long argue about the particular causes and justice of the Lebanon war, but statesmen must undertake right away to mold a more hopeful future out of the conditions created by the war. American leaders bear a particular responsibility in this respect.

The roots of the war go back to the breakdown of the Lebanese state and society under the impact of the tremors of the wider Arab-Israeli conflict, and especially its Palestinian component.

The remedy of the situation must address both problems at once. It so happens that the conditions that favor a settlement of the

Lebanon problem now also open up serious new possibilities for advancing a settlement of the Palestinian question, provided they are imaginatively exploited.

The possible destruction of the political and military power of the PLO in Lebanon, the weakening of the Syrian presence and the possibility held by Israel make possible the restoration of the unity, sovereignty and independence of Lebanon. However, if such a restoration is to be viable it must safeguard the rights of all the Lebanese communities, including the half a million Palestinians who have lived

there for 35 years and for the most part have nowhere else to go. It must also safeguard the legitimate security interests of Syria against attack from the western approach to Damascus, and of Israel against attack or harassment from any part of southern Lebanon.

Such a restoration would require the following elements:

• Formation of a provisional national government representing all factions, which would immediately proclaim the neutrality of Lebanon and conclude a peace treaty with Israel on the basis of international boundaries.

• International guarantees of Lebanon's neutrality.

• Withdrawal of all foreign forces from the country.

• Election of a constituent assembly to work out a new constitution ensuring the rights of all elements of the population.

International assistance in the creation of a small Lebanese national army, and in the reconstruction of the country.

The defeat of the PLO and the weakening of Syria, even if temporary, would also remove threats that had contributed to deterring Jordan and the Palestinians of the occupied areas from participating in the Camp David process, and the Saudis from supporting it.

However, to take advantage of the opportunity, the United States must launch an imaginative initiative to expand the peace.

This would take off from the Camp David principles but would conceive of them in terms that are better calculated to overcome past stumbling blocks, induce Jordanian and Palestinian participation, and secure the support of other key Arab countries.

For instance, the concept of autonomy for a period of transition would be reaffirmed, but autonomy itself would be viewed as a process of evolution by defined and contingent stages, starting, perhaps, with limited administrative powers and expanding gradually to full legislative power.

The transition from one stage to another would be contingent upon pre-defined criteria aimed at the gradual realization of conditions of security, peace, open borders, cooperation and exercise of the rights of Arabs and Jews — as individuals but not as publicly organized settlement groups — to live and work anywhere in the country.

The duration of the period in which the autonomy process would unfold would be extended in order to provide adequate time for testing; but it would be recognized from the outset that at the end of the process, the inhabitants of the West Bank and Gaza would have the right to self-determination, subject to assurances being worked out for the continuation of the peace that would presumably exist at that time.

Provisions would be made for neutral determination of satisfactory compliance with the conditions for movement from one stage to another in case of disagreement.

Would Prime Minister Menachem Begin agree to such an approach? The answer is uncertain. Much will depend on the extent to which the United States uses the leverage it will command in the next weeks and months — when Israel will be under enormous international pressure to pull out from Lebanon quickly and when its economy would be strained by mobilization — to advance the program. In any case, precisely because of the possibility that Begin's position may actually harden, it is imperative that the United States should express its disavowal from that position in the positive form of a fair and practical vision of peace.

The writer, professor of government at Harvard University, is author of "From War to War, the Arab-Israeli Confrontation," and of "Israel, the Embattled Ally." He contributed this comment to *The New York Times*.

A Pattern, Slaughters, History

By Hisham Sharabi

WASHINGTON — Israel's action against the Palestinians in Lebanon is part of a larger pattern that includes the Palestinians under Israeli occupation. In Gaza and the West Bank they have been subjected to systematic persecution and deprived of their national and human rights. Elected leaders and intellectuals have been imprisoned, expelled and physically harmed, and cultural institutions dismantled or destroyed.

The Geneva Convention of 1949 defines genocide as the systematic destruction of a society or a national or ethnic group not only by mass killing but also by destruction of homes, confiscation of property, expulsion of people and destruction of social, political and cultural institutions. By this definition, Israeli action against the Palestinians in the West Bank, Gaza and Lebanon may properly be described as genocidal. America is Israel's ally and must shoulder the same guilt.

From the Palestinian point of view, a special responsibility also falls on the Arab states, or rather the rulers of those states. Their failure in 30 years to find a military or political solution to the Palestine problem is compounded by failure now to help the Palestinians in Lebanon.

Israel's invasion has been successful, but it is a short-term success, for with it come many more problems than it solves. Colonial wars in the 20th century have taught one basic lesson that Israel and its American backers seem to have forgotten: Military victories do not yield political solutions, as the French in Algeria and the Americans in Vietnam learned at great cost and sorrow. The

Palestinians, regardless of the military outcome of the present situation, are not likely to disappear as a decisive factor in the Middle East equation. As in the past after every major battle, they will re-emerge stronger and better organized.

Israel is a tiny country with a minuscule population, but regards itself as a superpower that can exercise hegemony over the Middle East. Defense Minister Ariel Sharon sees Israel as a regional superpower whose geopolitical frontiers reach out to China in the east, the Soviet Union in the north, Algeria and Morocco in the west, and South Africa in the south. These dangerous delusions are created and reinforced by the seemingly unlimited military support of the United States.

In relation to its Arab hinterland, Israel is not much larger than Hong Kong in relation to the Chinese mainland. Its minuscule superiority whenever pitted against the Arabs must be seen, despite its persistence over 30 years, as only temporary. Thirty years, in terms of history and the life of peoples, is a very short time indeed.

The Arabs were caught at a particularly vulnerable moment in their history, for Arab society in the second half of the 20th century is in profound transformation. Sooner or later it is bound to achieve transition to modernity, self-mastery and power. It has all the human and physical resources necessary to achieve this goal.

The Israelis would do well to rely less on miracles and pay more attention to history. The slaughter of Palestinians and Lebanese must stop.

The writer, a Palestinian, teaches European intellectual history at Georgetown University. He contributed this comment to *The Los Angeles Times*.

'We're Winning,' the PLO Man Said

By Julie Flint

BEIRUT — It was the fifth day of Israel's invasion of Lebanon. Palestinian camps were being bombed in Beirut.

The city was panic-stricken. The Fakhani, a center of the PLO, was deserted but for gunmen who inspected every car, checked every piece of paper. The rare cars crept along with their lights off.

In a brightly lit Fakhani basement, the temporary site of the Palestinian news agency Wafa, a young man said, "We're winning. Everybody has the feeling we're winning." The assertion seemed incredible.

But in every Palestinian office the story was the same. "Begin almost made it," said a Palestinian intellectual and university professor. "But he overreached himself. The whole strategy was too much. The generals carried him away like Hitler going into Russia. It could have worked if it was faster and more terrible. The idea was beautiful."

The optimism centered on hopes that the sheer size and brazenness of the Israeli raid would swing Arab opinion against Israel, and that the Palestinian guerrillas, although down, were not out.

Beirut newspapers made much of photographs showing Shia Muslims hugging and kissing Palestinian fighters after the two groups knocked out an Israeli tank on the outskirts of Beirut.

"These people are fighting like maniacs for us," a Palestinian leader said. "They know we didn't bring this on."

The Palestinians said their casualties were considerable but acceptable. They said the main result of the Israeli attack had been to break the guerrillas down into smaller units.

"You know what happens when you hit mercury with a hammer," said a Palestinian strategist. "It breaks up and slithers away. They may control

the roads, but we are all around in the hills. And the Israelis can't take the hills, because a hill needs infantry. Begin could have beaten my army but not us."

Street battles were still being fought in Sidon four days after the Israelis landed there from the sea. Israel held big pockets along the coastal highway linking Tyre, Sidon and Beirut, but could not move freely along it.

The Palestinians said Israel's intelligence would have been good, but it had not been so dated. Three times bombers hit Beirut's sports stadium, presumably going for an ammunition dump and combat school thought to be in its shadow. The Palestinians said the facilities were there until a few weeks ago.

On June 4 in Fakhani, a PLO man said, the Israelis "bombed a cellar Yasser Arafat used two or three years ago."

The writer is a Beirut-based correspondent for United Press International and for the *New Statesman* in London.

The Christians Have Ideology, Party, Military Command

By George F. Will

WASHINGTON — One Sunday last October, a PLO brigade with tanks and artillery staged a mock attack on a Lebanese settlement resembling a fortified Israeli village on the West Bank. This training exercise was evidence of the accelerating evolution of the Palestine Liberation Organization in southern Lebanon into a quasi-state with a conventional army of 15,000 and logistical support from 23,000 Syrians.

The PLO benefited from U.S. diplomatic last spring when Syria put missiles in Lebanon. Only a patch of bad weather prevented Israel from promptly destroying them. Such a shot across the bow of the PLO and Syrian occupation forces in Lebanon might have slowed the slide toward crisis.

But by the time the weather cleared, President Reagan had sent an entreaty letter, soon followed by a special ambassador, to paralyze Israel. Did the Reagan administration expect to talk the Palestinians into tranquility?

Israel repeatedly told U.S. officials it could not tolerate on its border a quasi-state that is terrorist in motive and form. Today Israel's primary aim is more ambitious — an aim that serves U.S. interests — than the stated aim of pushing PLO artillery too far north to hit Galilee. It is to drive 15,000 PLO members off the land they have usurped for bases and training. The PLO, a state without a nation, would become an army without an infrastructure, with no place left to go and a powerful incentive to melt away.

Israelis believe any PLO attempt to relocate in northern Lebanon would kindle Lebanese nationalism, sparked by resentment of PLO and Syrian occupation.

LETTERS TO THE EDITOR

Death in Lebanon

The Israelis, who claim to have abolished the death penalty, have just executed hundreds of people not proven to have done anything wrong. This type of capital punishment is called reprisal.

It differs from revenge, which is directed against a wrongdoer who may be deemed to be prepared for it and to deserve what he gets, whereas reprisal is directed against the innocent and defenseless. Revenge is forbidden by all religions, including the Jewish one; so, a fortiori, is reprisal.

J.C. DIXON.

Uganda's Undoing

William Buckley asserts (*IHT*, June 2) that "colonialism can be highly desirable," adding: "Who, reading about events in Uganda, is grateful that it achieved independence from Britain?" The Uganda which achieved independence from Britain was a peaceful and tolerant country. The excesses of recent years followed Amin's coup, conceived at by British intelligence and welcomed by the London press.

ROBIN P. SIMPSON.

A Correction:

The inadvertent dropping of several lines distorted the sense of a letter published in our editions of June 13. The corrected version follows:

Iran's Effort

I am amazed by the Western media's persistence in refusing to admit that Iran's resounding victory over the invading Iraqi armies was due to the immense power that the people of Iran drew from their Islamic creed.

It is a pity that instead of acknowledging this obvious truth, the Western media continue to circulate all sorts of concocted stories to explain Iran's unbelievable success — such as that the Iranian strategy was planned by the KGB, that the Soviets supplied weapons to Iran through Syria, and the ridiculous claim that even Israel supplied military hardware to Iran.

The truth of the matter is that, notwithstanding a host of unfavorable factors, Iran inflicted a crushing defeat on Iraq due to its unswerving faith in Islam and in the righteousness of its cause.

MUAZAM ALI,

Secretary-General, Islamic Press Union, London.

The Palestinian state is Jordan. It has a Palestinian majority, and most Palestinians hold Jordanian citizenship. But it will not receive the PLO. Jordan could have established a separate Palestinian state on the West Bank during the 19 years it held that land. Jordan never considered it. And in "Black September," 1970, Jordan expelled the PLO bloodily.

Might Syria's rhetorical solidarity with the PLO extend to allowing the PLO to locate in Syria? Not likely. Syria engaged Israel's forces to protect its own forces, not to aid the stricken PLO.

The disarray and demoralization of a dispersed PLO should diminish the terrorist organization's diplomatic weight in the world's capitals. It might reduce PLO intimidation that has impeded West Bank accommodation.

Only the Soviet Union has an interest in a strong PLO. But many European governments, and elements of the U.S. foreign policy establishment, have invested a lot of ingenuity in rationalizing appeasement of the PLO. They have treated the PLO as a state governing a diaspora, and the sole legitimate representative of Palestinians. Israel's eviction of the PLO has been made especially necessary by Western diplomacy that has sanctified the terrorist organization, and thus emboldened it.

If Israel succeeds in creating a political vacuum in the portion of Lebanon the PLO controlled, the urgent task, for others as well as

Israel, will be to fill the vacuum. There are three basic options. Two seem improbable, and the third presupposes a rationality and a coherence that are rare among indigenous Lebanese forces.

One option is for the United Nations to expand its peacekeeping presence. But the United Nations, a plaything of its anti-Israel majority, is not apt to adopt a plan so compatible with Israel's aims.

A second option is a peacekeeping machinery constructed outside UN auspices. But who will do it? France has historic ties to Lebanon, but is not apt to initiate a solution. No first or third volunteers spring to mind.

The third option is to stitch together a fabric of Lebanese sovereignty. Nation-building is a dicey business at the best of times. It is staggeringly so when the society is as invertebrate as Lebanon's now.

The place to begin is with the central government, such as it is, and the Christians, the most cohesive indigenous force. The Christians have ideology, a political party and considerable military command.

The spotty map of Lebanon — a Jackson Pollock canvas of PLO and Syrian units — must have told Israel's experienced soldiers that they could not operate against PLO units without engaging Syrian units. Evicting both would serve Israel's purpose by enabling northern and southern Christian elements to join. As has been said, the West should support Lebanon's Christians, or the West should change its name.

The Washington Post.

When Begin Comes to Washington

By James Reston

WASHINGTON — It was supposed to be the week when the leaders of the industrial world would meet in the palaces of Europe to proclaim the virtues of reconciliation and peace, but we couldn't hear them for the bombs.

Israel has another military triumph, but didn't know what to do with the rubble. Last, nearly dreaming of the conquest of Iran and Tehran, was calling for a cease-fire to save Baghdad. Argentina's military garrison was trapped in the Falklands, relying on the prayers of the pope.

President Reagan was back at Camp David, insisting that his mission to Europe had been a "great success." He had tried to stop the nuclear war in the Falklands and had been ignored. Prime Minister Menachem Begin of Israel didn't even give him a chance to stop the invasion of Lebanon, but will be coming to Washington in a few days to ask the United States to help him deal with the consequences.

Paradoxically, the situation is now so bad that Reagan may have a chance to use his favorite phrase — for "a new beginning." The efforts to avoid war from the top of the big governments have been such a failure that the people who have to fight them have taken to the streets demanding "a new beginning" from the bottom.

Half a million of them in New York City crying for an end to war, and the president hoped to see 300,000 rallying to the pope's appeals for peace in Argentina. It is almost enough to make Reagan wonder at Camp David whether there wasn't something to Jimmy Carter's Camp David "peace process" and his strategic arms control treaty.

The situation is not hopeless. Washington understands that Israel could not tolerate indefinitely the use of southern Lebanon as a launching pad for rockets and terrorists against its people. Reagan is not opposed to Begin's use of force in self-defense, but thinks the force used was excessive. Oddly, Reagan seems even more resentful of Begin's bad timing and bad manners, which rather spoiled what the president hoped would be his triumphant tour of Europe.

Nevertheless, the Israelis, with their usual military skill but at tremendous cost in human life, have swept over the battlefield, avoided a major ground war with Syria and opened up the possibility of negotiations for the restoration of an independent Lebanon, free of all foreign troops, and reconciliation of the Palestinian problem.

Officials in Washington recognize that this will be a daunting process, but they believe there may still be a chance. Even the Arab leaders see no future in going back to the status quo, with an amputated and paralyzed Lebanon dominated by PLO terrorists and foreign armies, supplied on the Syrian side by Moscow and on the Israeli side by Washington.

Israel does not want to occupy southern Lebanon. Its military and its economy are already stretched beyond the reasonable endurance of its people. What it does want is not another useless United Nations "presence" in southern Lebanon but a powerful international military force, including troops from the United States.

It will not be easy, however, for Begin to negotiate such an arrangement when he comes to Washington, not unless he is prepared to deal more generously with the promise of self-determination for the Palestinians, which is the heart of the problem.

For the government of the United States is simply not willing to put its troops into southern Lebanon to support what it regards as Israel's vengeful policies toward the Palestinians on the West Bank and in the Gaza Strip.

Washington might consider joining an international military force to protect Israel's borders, but not to bolster its policies on the West Bank and in Gaza, or its habit of ignoring U.S. interests in its military take-offs and then asking for help from the United States after the crash-landings.

This latest crisis, therefore, has produced both new dangers and new opportunities.

Washington has been loud in its condemnation of Argentina for using force to settle territorial disputes, but has been restrained in its reaction to Israel's even more violent military "diplomacy."

Israel is asking the United States to help finance and provide arms for policies the United States opposes. It uses those arms without even the courtesy of advance notice to the U.S. government.

But Washington is being cautious. Observing the public outcry for peace in the streets, the Reagan administration is beginning to wake up and think about using this crisis to try once more for a general settlement of the Palestinian problem in the Middle East.

The New York Times.

Herald Tribune

John Hay Whitney (1904-1982)

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New Set of Armed Men Proudly Roam the Streets of Chad's Battered Capital

By Alan Cowell

New York Times Service

NDJAMENA, Chad — The capital of Chad has begun to return to its own distinctive normalcy.

There are armed men on the streets, but they are from the rebel forces that took the city last Monday rather than the president's forces that held it before.

The foreign embassies and international organizations that evacuated their offices in the dusty city as the rebels approached began returning by canoe and raft across the Shari River from Cameroon.

There are people running the radio and the ministries and the presidency, although technically Chad has no government at present and those in power by force of arms hold no mandate from the faction-ridden populace.

Characteristically, too, there is apprehension about Col. Moamer Qadhafi of Libya, Chad's northern neighbor. He has long been active in the affairs of this impoverished nation, part of which was annexed by Libya and whose south-

ern region — the only economically viable part of the country — is still seized with factional hostilities reportedly involving Libyan financing.

Over the years, Col. Qadhafi has at one time or another supported most of the factions involved in the country's convulsed politics. Ndjamena is now securely in the hands of Hissane Habré, a former defense minister whose forces were ejected from the capital in 1980 when Libya supported his main foe, President Goukouni Oueddi, in a civil war.

The Libyans, under outside pressure, withdrew from Chad in November to be replaced by an Organization of African Unity peace force. The Libyan withdrawal took place in such haste that, in the ensuing vacuum, Mr. Habré was able to wage a campaign that took him from sanctuaries in Sudan, across hundreds of miles of desert and back to the capital.

His inheritance and his challenge is a ruined city. Mr. Goukouni, who has fled to Cameroon, appealed once again to Col. Qadhafi for

support, but his request this time did not produce a major Libyan intervention.

The commander of the Organization of African Unity peace force in Chad said Friday he had ordered the withdrawal of his troops despite an appeal by Mr. Habré. Maj. Gen. Geoffrey Ejiga said he based his withdrawal orders on instructions from the OAU given before Mr. Habré captured Ndjamena. Gen. Ejiga, a Nigerian, had his first meeting Friday with Mr. Habré.

Withdrawal Orders

The OAU, Gen. Ejiga said, instructed him to begin withdrawing by Friday if Mr. Goukouni refused to accept the African organization's proposals for a political settlement of Chad's long-running civil strife. Although Mr. Habré has since taken over, Gen. Ejiga said he had received no further orders and he was going ahead with the withdrawal.

On Thursday, at his first news conference since the capital fell to his 8,000 guerrillas, called the Armed Forces of the North, Mr.

Habré said he wanted real independence for Chad and termed his opponents "political prostitutes" who have sold out to foreigners.

"We want to put an end to all foreign intervention by all countries because it is not in the interests of the people," he said in a statement that could refer equally to Libya or France, the former colonial power frequently thought to steer events here.

Mr. Habré is trying to avoid diplomatic isolation in Africa and hence wants the African force to stay both as a deterrent to intervention and as tacit African recognition of the legitimacy of his administration.

The United States, which began moving its embassy back from Fort-Fourreau, Cameroon, on Friday, is not anticipating difficulties in establishing smooth relations with Mr. Habré, who was at one stage supplied with arms by Egypt through bases in Sudan. Egypt was able to supply the weapons because, according to Western diplomats elsewhere in Africa, the United States was renewing Cairo's arsenal.

Mr. Habré conceded that peace had not yet

returned to Chad, a nation where 11 factions have competed for power for many years. He was apparently referring to trouble in the Christian south, where some fear that a tribal war will break out and ruin the country's fragile economic base.

Supporters of Vice President Wadal Kamougue reportedly have been fighting in the south, providing a Christian mirror image of the northern war between Moslem factions.

"Our concern, our preoccupation," Mr. Habré said, "is to achieve peace and reconciliation in this country."

Memories of the war, however, are still fresh. Mr. Habré's forces, who wear red shoulder patches or ribbons to distinguish themselves from other factions in battle, do not seem to feel that the time has come to leave their guns at home.

They stroll around Ndjamena with a motley collection of Soviet- and Western-made rifles. They are clad in uniforms that range from Arab robes and red headaddresses to jungle-striped camouflage.

Mr. Habré's forces have the confident swagger of the victorious, and their red patches are symbols of supremacy. The traffic police and immigration officials who recently worked for Mr. Goukouni now wear red shoulder patches of their own to show their new allegiance.

Censorship Is Ordered

KOUSSERI, Cameroon (NYT) — The new authorities in Chad have introduced regulations designed to let them censor reports by foreign journalists, according to officials in Chad.

An aide to the country's new ruler said Sunday that reporters who want to transmit articles from Ndjamena will have to submit their dispatches in advance to an official who will read them in the presence of the journalists.

"You have the right to send your stories," the spokesman told a Western correspondent. "We have the right to see them to make sure they are correct."

Opposition Sweeps Mauritius Vote Ending 14-Year Labor Party Rule

By Joseph Lelyveld

New York Times Service

PORT LOUIS, Mauritius — The party that has ruled this Indian Ocean island democracy since its independence 14 years ago has been routed so completely in elections that it was left with not a single seat in Parliament.

In a sweep of elections on Saturday, the candidates of the opposition — the Mauritius Militant Movement and its smaller ally, the Mauritius Social Democratic Party — won election in all the 60 contested constituencies. The only two members of the new Parliament not belonging to the alliance are representatives of a local party on Rodrigues, an island dependency 250 miles (400 kilometers) to the east, where the winners ran no candidates.

The vote was a repudiation of the Labor Party and its leader, Sir Seewoosagur Ramgoolam, the 82-year-old prime minister. It brought to power a party that was pledged to limited nationalization under a program of "Socialism with a Mauritian face."

The Mauritius Militant Movement has also promised that its government would be nonaligned and would campaign in international forums such as the Organization of African Unity and the United Nations against the U.S. military presence on the island of Diego Garcia, 1,250 miles away.

Sir Seewoosagur's government had claimed Diego Garcia, a British-owned island that was once administered under the same authority as Mauritius. But it had indicated that it would be satisfied to see the U.S. forces stay for the 43

years remaining on a 50-year lease, if they paid rent.

The Mauritius Militant Movement is pledged to close the harbor of Port Louis to Soviet as well as to U.S. naval vessels. Both countries have used it until now.

The winning alliance drew support from all elements of a polyglot population of one million, nearly 70 percent of whom trace their origins to the Indian subcontinent.

Sir Seewoosagur had hired a political consultant from Massachusetts, Joseph Napolitano, to prepare a series of American-style television commercials.

The prime minister's supporters wore T-shirts that proclaimed:

"Forward with Ram to the Year 2000."

But it appeared that much of the youth vote had been lured by the promise of jobs by the Mauritius Militant Movement and its partners.

Paul Berenger, 37, who has been the driving force of the Mauritius Militant Movement since it was founded in 1969, promised to reassure the 28 parties that were shut out of Parliament by strengthening a constitutional provision guaranteeing a free election every five years.

The Mauritius Militant Movement has also pledged to take the island out of the British Commonwealth.

Ancerood Jugnauth, a Hindu lawyer who is the nominal leader of the Mauritius Militant Movement and the next prime minister, raised the possibility during the campaign that the Sir Seewoosagur might be made the first president as a gesture of reconciliation.

The party also plans to amend the constitution to revise a commitment to provide full and immediate compensation in the event of nationalization. But Mr. Berenger said the Mauritius Militant Movement's mandate would not lead it to push its program beyond the cautious goals outlined in the party manifesto.

Mr. Berenger said he hoped relations with the United States would be "very cordial," and he made light of his campaign charges that the Central Intelligence Agency had interfered on behalf of Sir Seewoosagur.

"We'll call them in every time we have an election," he said.

"Forward with Ram to the Year 2000."

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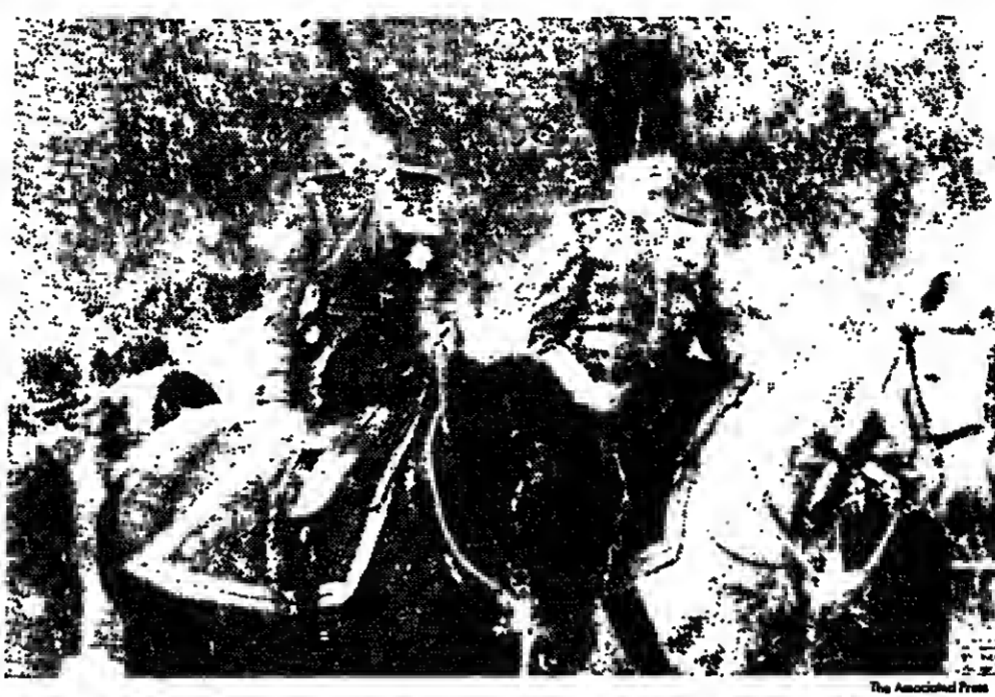
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ROYAL BIRTHDAY — A cloudburst dampened Trooping the Color, the official birthday celebration of Queen Elizabeth II of Britain, in London on Saturday. A minute's silence was observed for forces in the Falklands, which include Queen Elizabeth's son, Prince Andrew.

4 U.S. Climbers Make First Trek To Circle Base of Mount Everest

By Christopher S. Wren

New York Times Service

PEKING — While mountaineers compete to find new ways of conquering Mount Everest, four Americans pulled off a new variation by becoming the first to trek completely around the world's highest peak.

The Americans arrived here after a 3½-month adventure on

cross-country skis and foot that covered 300 miles (480 kilometers) through Nepal and Tibet. Some sections, including seven major passes ranging up to 22,000 feet (6,673 meters), required climbing with ice axes and crampons, sharp 12-point cleats lashed to boots.

The idea of tackling the 29,208-foot Mount Everest horizontally rather than vertically was

conceived by Ned Gillette, 37, a writer and photographer from Stowe, Vt., who was once captain of the Dartmouth College ski team. The idea came to him while he looked at a map on his living room floor after getting permission to go ski-trekking in Tibet.

"In the mountains today, style is everything," Mr. Gillette said. "You can't climb unclimbed peaks anymore, and you can't explore unexplored country. This is a new way of looking at an old subject."

Since Westerners are not permitted to cross from Nepal into Tibet and back, the trip had to be done in two segments, with eight weeks in Nepal in December and January and six weeks in Tibet starting in late April.

Mr. Gillette was accompanied on the trip by Jan Reynolds, a 26-year-old ski instructor from Stowe, Miss. Reynolds set a women's record for high-altitude skiing when she skied down 24,757-foot Mustangara in the Chinese Pamirs after climbing the peak with Mr. Gillette two years ago.

For the climbing portions in Tibet, Mr. Gillette invited Jim Bridwell, 37, of Squaw Valley, Calif. Mr. Bridwell, a highly respected climber, led the others on a winter ascent of Pumori, a 23,442-foot subsidiary peak of Everest, which was at their westernmost point in Nepal.

Rick Barker, 27, a cabinemaker from Ketchum, Idaho, was invited on the Tibet portion because of his reputation as a cross-country skier on steep terrain and because of his knowledge of avalanches.

Lightweight Skis

The team packed lightweight cross-country skis with metal edges and only a toe binding. The snow was so hard that they often resorted to crampons.

"The toughest part for me was after climbing Pumori," Miss Reynolds said. "We had lost a lot of weight. We went over three 20,000-foot passes and then ran out of food for five days."

In Tibet, the Americans packed in two caches of food using yaks before starting their descent from the Western col between Pumori and Everest. "The skiing was not great, but the slopes were just right," Mr. Gillette said of the descent, which ranged up to 30 degrees.

The team looked haggard upon returning to Peking, but Miss Reynolds said it was all worthwhile. "If you don't enjoy it you might as well be out digging ditches, because it's hard work," she said.

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*Indicates on-line computer reservations system.

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France Depots Moro Case Suspect

PARIS — Francesco Pignero, who faces charges in Italy of involvement in the kidnapping and murder of former Premier Aldo Moro in 1978, has been expelled by French border police, airport police said.

Canadian courts recently turned down an Italian extradition request for Mr. Pignero, 40, a nuclear physicist, but decided to expel him. French police, however, on Saturday sent him back to Montreal just hours after his arrival, calling him an undesirable visitor.

France extradited Mr. Pignero to Italy in 1979 for questioning on the Moro affair but Italian officials released him due to a lack of evidence. He went to Montreal where he successfully fought off two extradition attempts.

UN Sees Further Fall In Population Growth

By Pranay B. Gupta

New York Times Service

NAIROBI — The world's population in the year 2000 will be 20 percent less than the 7.5 billion that some major international agencies have predicted, according to a report by the United Nations Fund for Population Activities.

Rafael M. Salas, the agency's director, said in the report that as a result of population-control programs, the world's population growth rate dropped from 1.99 percent in 1960-1965 to 1.72 percent in 1975-1980.

He said the United Nations was now predicting that the annual growth rate would fall to 1.5 percent by the year 2000. That would mean the world's population would reach 6.1 billion by the end of the century. Midway through 1981 UN statisticians estimated the world's population at 4.495 billion.

The report, released in Kenya, which has one of the highest birth rates in the world, also said that while birth rates have been dropping because of increased education and birth control programs, the decline in mortality rates in many African countries and elsewhere in the Third World has been less than hoped.

It said population-control efforts had been less effective in Africa, where growth rates of 4.5 percent and above are still common. Of the 50 developing countries in

Africa, 32 have yet to adopt population-control programs. 22 of Asia's 32 developing nations have already adopted such policies, and in Latin America 10 of 30 nations have initiated programs.

The report said infant mortality rates in almost all countries of sub-Saharan Africa ranged from 90 to 170 deaths per 1,000 births; in developed Western nations, the rates range from seven to 15 deaths per 1,000 births.

The UN projection is that by 2000, people in developing countries will have a life expectancy of 63 to 64 years. A target of 74 years was suggested by the population program adopted by the UN a decade ago.

The UN program, which gives poorer nations money for family planning and other programs to slow population growth rates, said that while in 1969 only 25 developing countries had population-control programs, 59 had them last year.

Cuba, the agency's report said, showed the largest decline in birth rate, falling by 47 percent between 1965-70 and 1975-80. China was next with a 34-percent decline in the same period.

The report said seven other countries, each with a population of more than 10 million, have shown a decline in the birth rate of between 15 percent and 25 percent. They are Chile, Colombia, India, Indonesia, South Korea, Malaysia and Thailand.

Study Finds Drop Of 500,000 in U.S. Religious Groups

Washington Post Service

WASHINGTON — Membership in religious institutions in the United States declined last year by more than 500,000, according to the 1982 Yearbook of American and Canadian Churches.

The annual compilation of statistics, which was released by the National Council of Churches, indicates that the main Protestant churches suffered the largest losses. Roman Catholics, Jews and conservative evangelical groups registered gains.

The survey indicates that 115,590,825 Americans, or 58.7 percent of the population, are counted by some church or synagogue as a member.

The book includes statistics and other information on 218 different religions in the United States, 82 in Canada and a directory of national and international institutions, organizations and publications related to organized religion. It also provides reports on trends among the churches.

Among its findings: Women make up a majority of the membership in all groups studied except the Reformed Church and some evangelical and fundamentalist churches; annual per capita contributions to churches, adjusted for inflation, increased from \$77.01 in 1961 to \$86.47 in 1980, and parishioners of the traditional Protestant churches are generally older than worshippers of other religions.

Bangladesh Names Aide

The Associated Press

DACCA — Bangladesh's martial-law administrator, Lt. Gen. Hussain Muhammad Ershad, named Amur R.S. Doha foreign minister on Sunday.

Marie Rambert, 94, Dies; Founded Ballet Company

LONDON — Dame Marie Rambert, 94, founder of the Ballet Rambert and a major influence on modern dance, died in London Saturday, her family said Sunday.

Born in Warsaw, Dame Marie worked with the impresario Diaghilev in his Ballets Russes, in a company which included the dancer Nijinsky. At the outbreak of World War I she moved to London, where she set up a school of dancing in 1920. Dame Marie founded the Ballet Rambert in 1926 and continued as its director until she died. She was made a Dame Commander of the British Empire in 1962 for services to ballet.

Her company has often been called the cradle of British ballet. Although she was never an important dancer, her ability to encourage talent in others was legendary.

Alexander Pirnie

CANASTOTA, N.Y. (AP) — Alexander Pirnie, 79, a Republican representative in the U.S. House from 1958 to 1972, died Saturday, apparently from a heart attack. He was the ranking Republican member of the House Armed Services Committee and served as chairman of the Interparliamentary Union.

Frank Miller

SAULT STE MARIE, Mich. (AP) — Frank Miller, 90, the oldest member of the World War I U.S. Drum and Bugle Corps, died Tuesday in Tucson, Ariz. Mr. Miller fought with the 56th Infantry of the 4th Division in the Battle of the Marne and was wounded at Chateau Thierry.

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ever combined such performance and economy with such a wide cabin configuration.

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And you might as well know now. The back orders have already started. **canadair challenger**

*Challenger 601 data are based on wind tunnel tests and continuing flight tests. For performance guarantees, see technical specifications.

New Issues on Hold After Heavy Sales

By Carl Gewirtz

PARIS — A wave of selling shattered the Eurobond market last week. The West German suspension of Friday's calendar and declared a two-week hiatus in new issue activity to allow time for the market to digest the surplus of paper already available.

The dollar sector of the market was equally hard-hit, and only two

Eurobond Yields*
Week Ended June 9

Int'l inst. lg. term, US\$	14.64 %
Int'l inst. lg. term, US\$	14.73 %
Int'l inst. lg. term, US\$	14.73 %
Int'l inst. lg. term, US\$	15.78 %
French fr. medium term	16.24 %
Int'l inst. lg. term yen	16.91 %
ECU medium term	8.10 %
ECU long term	13.68 %
Int'l inst. lg. term LF	12.20 %
FL long term	11.63 %

*Calculated by the Luxembourg Stock Exchange

EUROBONDS

new issues — both floating rate and fixed — were put on hold. The very heavy level of sales — some go so far as to call it dumping — of dollar Eurobonds over the past two weeks is interpreted by some analysts as more than just a temporary weakness and rather as a signal that the market has changed a new, more subdued, phase.

The market has "entered a new phase," said Hans-Jörg Rudolf of Credit Suisse First Boston. The pace of business, which totaled a record of about \$26 billion worth of new issues during the first six months, will now abate to more normal levels, he added.

For him, this means the volume of new issues will be linked to the amount of money coming naturally into the market through payments of interest and principal on outstanding issues — a monthly volume on the order of \$2.5 billion.

The reason for the change is that "the unbelievable flow of buying out of Switzerland has run out," said Mr. Rudolf.

"He said he sees two factors contributing to the diminishing supply of new funds to the bond market: The bulk of the money that had been temporarily parked in short-term deposits has been reinvested in the long term, and the big shift into the dollar is largely over. The dollar is too expensive for investors to buy now and, in fact, is so high that it is enticing Europeans and Japanese who have invested in dollars to switch out and pocket some hefty foreign ex-

change profits while they are available.

Caught unaware by this change in sentiment were the underwriters of the many recent issues whose terms had been pitched in anticipation of further market strength.

As the market worsened, making it more unlikely they would be able to find buyers for each paper, selling picked up as some banks obviously decided it would be cheaper to sell their holdings at a loss now than to sit with them on their books and watch the losses mount.

The decline in prices and consequent increase in yields has pushed the cost to new issuers of doing business in the Eurobond market higher than in New York, an inversion of the pattern for most of this year. Thus, not only is less money thought to be available to buy Eurobonds, but the bulk of the new issues — U.S. companies looking to save a percentage point or so — now have little incentive to tap this market.

"Wishful Thinking"

Recent issues such as the Du Pont 13 3/4% of 1987 and the Super Oil 14 1/2% of 1989 traded as low as 94. The \$750-million, five-year issue for Canada, offered at a par bearing a coupon of 14 1/2 percent, traded down to 97 1/2 for a yield of 15 1/2 percent before ending the (Continued on Page 10, Col. 4)

U.S. Companies That Conduct Nuclear Research and Production

COMPANY	FACILITY	LOCATION	MAIN FUNCTION	CURRENT CONTRACT EXPIRES	FISCAL '81 OPERATING COST	FISCAL '81 MANAGER'S FEE
Bendix	Kansas City	Kansas City, Mo.	Produces non-nuclear components of weapons	Dec. '86	\$321.5 million	\$4.9 million
E. I. du Pont de Nemours	Savannah River	Aiken, S.C.	Tridium separation	Oct. '84	\$559.8 million	\$1*
General Electric	Pinellas	St. Petersburg, Fla.	Produces a wide range of weapons components	Sept. '83	\$64.5 million	\$2.7 million
Mason & Hanger-Silas Mason	Panther Plant	Amarillo, Texas	Final assembly of nuclear weapons	Sept. '86	\$74.0 million	\$2.5 million
Monsanto Research	Mound Facility	Miamburg, Ohio	Conducts explosive-technology research	Sept. '83	\$99.2 million	\$3.7 million
Rockwell International	Rocky Flats	Golden, Colo.	Produces the nuclear component of warheads	Dec. '85	\$191.6 million	\$4.2 million
Union Carbide	Y-12 Plant	Oak Ridge, Tenn.	Fabricates and certifies nuclear weapons components	Sept. '83	\$254 million	\$1.8 million

Source: Energy Department

*Calculated by the Luxembourg Stock Exchange

U.S. Nuclear Arms Makers Face New Future

By Lydia Chavez

NEW YORK — In the 1940s, the U.S. government called on private industry to help build the atom bomb. In a flurry of patriotic zeal, Du Pont, Union Carbide, Monsanto and others built nuclear weapons plants, staffed them and supervised the building of atomic warheads.

Many of these relationships have endured because of the strong patriotic gesture they represented. In addition, while the management fees have always been low, there were certain commercial advantages to being in on the cutting edge of nuclear power technology.

The environment has changed, however. Three Mile Island, spiraling costs and fresh public calls for a nuclear arms freeze have made the nation more tentative toward nuclear power and its promise as a provider of energy and defense. In this new and more critical period, both the patriotic zeal and the benefits of operating nuclear weapons plants have diminished.

Union Carbide announced last month that it would withdraw from its government contract after nearly 40 years so that it could concentrate on its chemical business. While others said they had no immediate plans to follow Union Carbide, several made it clear that they considered the fees too low and the advantages minimal.

Inquiries About Contract

Herman Roser, the assistant secretary for defense programs at the Energy Department, which oversees the nuclear weapons programs, discounted the suggestion that it would be difficult to find a company to take Union Carbide's place. "We have and continue to have inquiries from companies wanting to assume the contract," he said.

Other contractors, however, said that the weapons plants, most of which are huge, secretive complexes, require highly skilled managers who can expect little in return.

"We have looked at our participation," said Robert Kennedy, a vice president of Union Carbide, in a recent interview, "and we have said, 'Gee, why are we involved in that? We don't provide any of what we normally do for our other businesses like strategy and direction. We do it strictly as a service and we don't get paid a hell of a lot for it.'"

"It is a very large effort," said Frank Kruezi, technical director of the atomic energy division of E.I. du Pont de Nemours. "There is no return for this, and of course you have thought from time to time of not renewing the contract." Du Pont has asked for a fee of only \$1 a year.

"Quite a few years ago, as the nuclear power industry was getting

under way, Westinghouse, General Electric and others all sought this kind of experience, but you know where the nuclear power industry stands now," Mr. Kruezi added.

The nuclear weapons plants — Y-12 in Oak Ridge, Tenn.; the Mound Facility in Miamburg, Ohio; Savannah River in Aiken, S.C.; Rocky Flats in Golden, Colo.; the Kansas City plant in Kansas City, Mo.; Pinellas in St. Petersburg, Fla.; and Panther in Amarillo, Tex. — range in size from Y-12, which has more than 5,000 employees and a budget of more than \$200 million, to the Savannah River plant, which has 380 employees and a budget of a little more than \$20 million.

These plants are supported by research from government laboratories such as the Los Alamos National Scientific Laboratory in New Mexico. Each plant develops and produces one or more parts of a nuclear warhead. Detonators are made, for example, by Monsanto at the Mound Facility, and tritium, a radioactive hydrogen isotope that charges the bomb, is produced by Du Pont at Savannah River.

The warhead parts are assembled at the Panther plant, which is operated by Mason & Hanger-Silas Mason, a construction and engineering concern based in Lexington, Ky. The completed warheads are turned over to the Defense Department for storage.

The plants are owned by the government and the contractors are reimbursed for their expenses and then paid a set fee. While Du Pont's fee is only \$1 a year, the annual fees of the other companies are also small.

Monsanto, for example, received \$3.6 million in the last fiscal year — a small fraction of its \$6.9 billion in sales — and General Electric received \$2.7 million, which amounts to pocket change compared with its annual sales of \$27.24 billion.

"The level of fees is still very low in relation to what the company dedicates to the operations," said Spindon N. Suci, manager of GE's neutron devices department. "These same people in a commercial operation could produce much more profit."

When asked if Union Carbide, which received about \$8 million for operating the Y-12 plant and three other government facilities, would consider continuing its contract at a higher fee, Mr. Kennedy said, "Not really, it is a hypothetical question."

One advantage in managing a large government project is having the use of the facility to train employees. Most of the contractors of the nuclear weapons plants, however, have found the technology too specialized to be readily used elsewhere.

"We have had some people movement, but not a lot," said Mr. Braum of Monsanto. "There has not been a real good utilization of the technology because most of it is so unique to this business."

Union Carbide, Du Pont and General Electric agreed with that.

Should there be additional cancellations from the companies now running the plants, there is some evidence that the contractors could be assumed by military contractors, which design and build the delivery systems, such as bombers and missiles, for the nuclear warheads. In 1975, Dow Chemical withdrew from its 23-year-old contract in Rocky Flats, Colo., and the plant is now managed by Rockwell International.

J.D. Gylfe, director of business development for Rockwell's Energy (Continued on Page 10, Col. 7)

Hungary Used Gold to Secure A Swiss Credit

By Carl Gewirtz

PARIS — Hungary, hard-pressed for Western credits earlier this year when commercial banks virtually ceased lending to all Eastern-bloc countries, used its gold reserves to secure at least one loan, and possibly more, from banks in Switzerland, it has been authoritatively learned.

Knowledge of such transactions could be very embarrassing for Hungary, which has about \$7.5 billion worth of uncollateralized Euro-market loans outstanding.

A standard clause in these loans, a so-called negative pledge agreement, binds the borrower from arranging any new loans that are better secured unless such collateral is applied to the outstanding loans as well. Such clauses would appear to require Hungary to pledge its gold as collateral on all its borrowings.

The Hungarian National Bank asked for confirmation of the information and for details about how such collateralized loans

could be arranged without violating the negative pledge agreements, replied, "Our bank has not made and also has not on the intention to enter into any business operation which might violate in any way previously undertaken other obligations."

The size of the collateralized operations with the Swiss could not be learned, although it is understood that the sums were modest and amounted to short-term "bridge" financing to cover the Hungarians over the period when Western commercial banks ceased renewing their short-term loans.

The severe credit squeeze that the Hungarians then experienced prompted the Bank of England to organize a \$200-million short-term loan for Hungary from other central banks through the Bank for International Settlements, the Basel-based institution often referred to as the central bankers' central bank.

The gold-collateralized operations with the Swiss are under-

stood to have taken place during this period.

As news of the central bankers' support for Hungary was whispered to commercial banks it had the intended effect of getting them to differentiate between the relatively healthy state of Hungary's affairs and those of Poland and Romania, and to rebuild their short-term deposits with the Hungarians.

Swiss Francs

It was learned that the money borrowed against gold was Swiss francs. The collateralization enabled the Hungarians to borrow money at a time when none was otherwise available, and the denaturation in Swiss francs saved the Hungarians a considerable amount on interest charges. The Hungarians are understood to have paid around 7 1/2 percent annual interest, a saving of at least 10 percentage points compared with what it would have cost to borrow uncollateralized dollars if they had been available.

Because of the volatility of gold prices — swinging this year from a high of \$402 to a low of \$315 an ounce — the Hungarians had to pledge an amount of gold that at the time of the agreement was worth twice the amount of the loan.

The gold used as collateral is physically outside Hungary, presumably with the BIS. In all, Hungary is estimated to hold about 2.5 million ounces of gold, currently worth about \$750 million.

Gold is a sterile asset, with very few governments, apart from gold producers like the Soviet Union and South Africa, ever willing to sell their holdings to pay off international debts.

But Italy, in 1974, and Portugal, in 1976, used their gold as backing for loans from the Bundesbank and the Swiss National Bank. In fact, it was these borrowings that prompted commercial bankers to broaden the wording on the negative pledge clauses in an effort to include such government-to-government loans. There has been no indication that the Hungarians were obliged, as the Italians and Portuguese were, to collateralize their loan from central banks with gold.

Steel Ruling No Miracle Cure for U.S. Industry

By Jane Scabery

WASHINGTON — When the Commerce Department ruled last week that European governments had unfairly subsidized their steel companies, the ruling U.S. steel industry may have interpreted the decision as an elixir for better health.

"But industry analysts are cautioning that the Commerce Department's prescription may turn out to be only a placebo, or that it could set up the industry for a relapse later on."

"By winning these cases, the steel industry makes it less likely that they can solve their other problems," because there will be

less pressure to do so, said Charles Bradford, an analyst for Merrill Lynch. Instead of unfairly priced imports, the steel industry's problem "is the shape of the U.S. economy and the recession," said Drexel Burnham Lambert analyst David Healy.

Analysts said the decision favoring the steel industry relieves the pressure on steelworkers to reopen negotiations and accept lower wages and benefits. One of the industry's major problems is high labor costs, which average \$22 an hour per worker, the highest for U.S. manufacturing workers, the analysts said.

While the labor union and the company management recognize that old, unproductive work rules

and high wages are a great problem, "I don't think the average blue-collar, steel mill workers believe it's their problem," Mr. Bradford said.

A larger problem for the U.S. industry, however, is that Canadian or Korean steel companies, which are extremely efficient and have been relatively prudent in their exports to the United States, could fill the void left by the European companies affected by the Commerce Department's ruling. The Dutch, who also had low levels of subsidy, could also fill the British void, Mr. Bradford said.

On the other hand, American steel companies should be able to raise their prices. U.S. producers have been discounting their prices to match those of the subsidized imports. Analysts said steel price increases would not cause much of a change in the cost of goods such as appliances, cars or housing, whose steel costs are a small percentage of their prices.

However, the American Institute for Imported Steel estimates that U.S. consumers will pay more than \$5 billion more annually because of the duties. "This action has eliminated the only competition faced by domestic steel mills," said Marcel Lech, institute president. The subsidy action "will embargo certain steel imports by pricing them out of the market and increase prices of both imports and American steel products," he added.

The Commerce Department filed its decision at midnight Thursday after 11th-hour talks with the U.S. steel industry and the EEC failed to produce a settlement on 28 cases that accused companies in seven European countries, as well as Brazil and South Africa, of illegally subsidizing their steel industries. The complaints had been filed by seven of the United States' largest steel-makers, led by U.S. Steel Corp.

20% of Imports

The Commerce action affects 3.9 million tons of 1981 steel imports valued at \$1.4 billion; that is, about 20 percent of U.S. steel imports and about 4 percent of U.S. steel consumption. It requires U.S. importers immediately to post cash or a bond equal to the estimated subsidy to insure that countervailing duties are paid after a final determination this fall. The subsidies range from less than 1 percent to more than 40 percent of steel prices.

The cases now go to the U.S. International Trade Commission, which will decide whether the domestic industry was injured by the foreign trade practices. In addition, the government still must decide other steel-subsidy cases and complaints charging that foreign steelmakers violated U.S. statutes by selling steel in the United States at prices below those they charge in their own countries.

The decision Thursday effective-

ly makes much foreign steel prohibitive in price, and will make importers wary of buying those products affected.

Mr. Bradford of Merrill Lynch said one result of the decision could be the sale in the United States of more West German products, which were found to have little or no subsidies, to replace the British part of the market. British Steel was found to have the largest government subsidy, exceeding 40 percent. The Dutch, who also had low levels of subsidy, could also fill the British void, Mr. Bradford said.

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The decision Thursday effective-

Rise in Money Supply Exceeds Fed's Targets

By Michael Quint

NEW YORK — The larger-than-expected increase in the U.S. money supply shown in the latest figures for May-1 mean that the measure is running higher than the Federal Reserve's short- and long-run targets.

The Fed's announcement late Friday that M-1, the basic money supply measure, had risen by \$1.5

budget vote Thursday, the bond issue was priced at about 102, but it rose to 102 1/2 afterward.

Concern is widespread that the estimated \$90 billion of net new Treasury borrowing in the next six months might push rates higher. Furthermore, traders said it was unlikely that rate and bond yields would fall significantly as long as the Fed kept reserves in the banking system scarce enough to result in overnight interest rates of 13 or 14 percent. On Friday, financing costs for government securities dealers were about 13 1/2 percent, a sufficiently high level to discourage speculative purchases and encourage reductions of inventories.

In the Treasury note market, where the impending supply of new issues is expected to rise sharply for two-year and four-year issues after the money supply announcement.

The M-1 money supply measure consists of currency in circulation plus all kinds of checking accounts at banks and thrift institutions, plus travelers checks. According to monthly data published Friday, the M-1 average for May was \$451.3 billion, a 2.7-percent annualized rate of decline from April, but still \$2.7 billion above the level consistent with the upper end of the Federal Reserve's 2 1/2 to 5 1/2 percent annual growth target. The May level was almost \$1 billion above the level consistent with the Federal Reserve's most recently published interim target of a 3-percent annual growth rate from March to June.

The Federal Reserve also published its regular monthly compilation of M-2, a broader money supply measure that includes M-1 plus small savings accounts, noninstitutional money market mutual funds, and certain overnight bank borrowings. In May, M-2 averaged \$1,894.7 billion, a \$14.9-billion increase over April. In the last month, M-2 grew at an annual rate of 9.5 percent, and it is more than \$6 billion over the level consistent with the upper limit of the Federal Reserve's annual growth target of 6 to 9 percent.

U.S. CREDIT MARKETS

billion sent interest rates up in the credit markets, as traders concluded that the higher level reduced chances of an easing in the Fed's monetary policy that would push interest rates lower.

"The money supply is not dangerously over target," said Maury N. Harris, an economist at Faine Weber, "but the Fed can't move to ease policy with the money supply at this level."

Other analysts said that the increase in M-1, to \$452.8 billion in the week ended June 2, could well be a statistical aberration and that it was contrary to their forecasts of very slow money supply growth during the month of June.

Big Rise in July

Slow growth in June is important, they added, because a large increase of \$5 billion or more is widely forecast for the first week of July. If the early July increase comes on the heels of fast growth in June, it is more likely that the Federal Reserve would respond by pushing interest rates up.

The increase in rates Friday reversed most of the declines that followed passage by the House of Representatives of a Republican budget resolution setting an estimated deficit of just under \$100 billion for the 1983 fiscal year.

The rate on six-month Treasury bills rose to 12.44 percent in late trading Friday compared with 12.2 percent earlier, while the price of 14-percent Treasury bonds due in 2011 fell half a point in late trading to an offered price of 102 1/2, 13.69 percent. Before the

CURRENCY RATES

Interbank exchange rates for June 11, excluding bank service charges.

	\$	£	D.M.	F.F.	Y.	Sw.	S.F.	Sc.	D.K.
Australian dollar (A)	2.441	4.489	118.285	41.86*	6.0202	Not Available	5.48*	129.45*	32.45*
Belgian franc (B)	46.20	4.235	—	33.14*	1.903*	—	—	—	—
British pound (P)	1.778	—	42.022	11.719*	2.4943	—	—	—	—
Canadian dollar (C)	1.29425	3.25400	54.00	27.17*	—	—	—	—	—
French franc (F)	6.545	1.786	0.206	0.159*	0.023*	—	—	—	—
German mark (M)	1.481	1.178	90.25*	—	4.78*	—	—	—	—
Italian lira (L)	2.345	3.495	95.0*	32.5*	0.154*	—	—	—	—
Japanese yen (Y)	0.0093	0.0027	2.389	0.299	1.2043	—	—	—	—
Swedish krona (K)	1.1474	0.0025	2.462	0.9709	1.0143	—	—	—	—

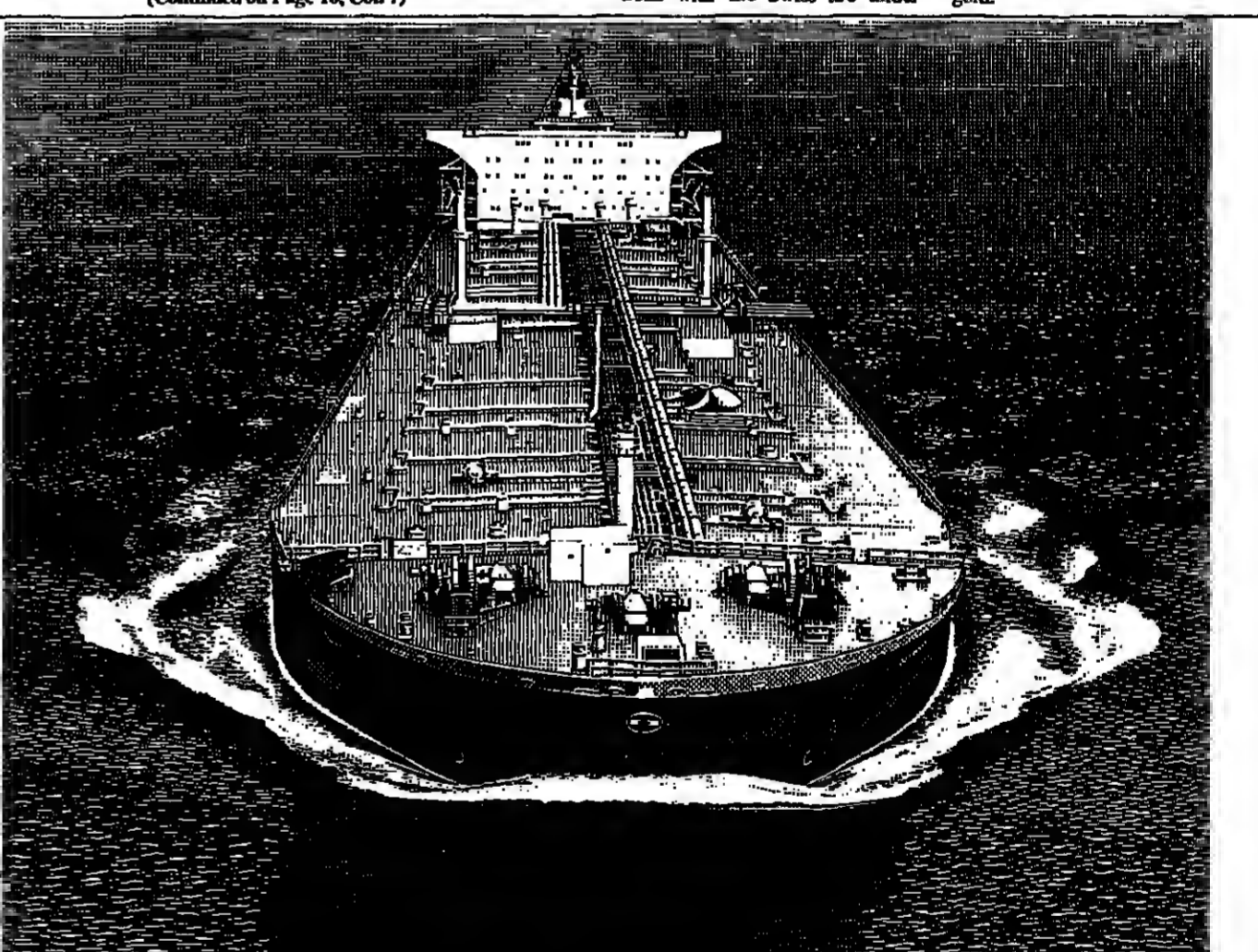
*Not Available

Source: U.S. Commerce Dept.

Interbank exchange rates for June 11, excluding bank service charges.

Source: U.S. Commerce Dept.

(*) Commercial bank rates. (b) Amounts needed to buy one pound, (c) Units of 100, (d) Units of 1,000.



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KUWAIT'S PREMIER BANK. WORLDWIDE

Venezuela Breaks Off Jumbo-Loan Talks; Bankers Cool to Mexican Offering

By Carl Gewirtz

International Herald Tribune

PARIS — Latin America, the largest borrower in the Euro-market, is becoming an increasingly large headache for lenders.

In addition to the troubles that bankers anticipate in Argentina's ability to continue financing its \$34 billion in public and private sector Eurocredits, there is now an estrangement between the banks and Venezuela over proposed new lending terms, and a chilling reassessment of Mexico's standing in the market.

The proposed jumbo loan for Venezuela, which started life as a \$2.5-billion operation, was cut to

\$2 billion and then to \$1.5 billion. But even at that reduced level, the bankers and the government remained far apart on terms, and over the weekend, Venezuela broke off negotiations. Venezuela's caustic comments that it had about \$5 billion deposited with the 20 institutions invited to bid on the deal.

SYNDICATED LOANS

and the implication that these deposits could be shifted to other institutions, sat badly with the bankers.

Another rub was Venezuela's unwillingness to detail to the bankers' satisfaction which short-term obligations would be refinanced with the new medium-term funds.

The government's rejection of the proposals put to it at a nine-hour presentation Monday was no surprise. The bankers wanted Venezuela to pay 1 1/2 point over the London interbank offered rate for seven-year money and 3/4 point over Libor for a three-year loan, substantially more than Venezuela had been paying.

Particularly irritating to the Venezuelans was the proposal that

they offer to price over the more expensive prime rate, with the margins set a quarter-point lower than on the Libor-based offer.

Discussions over the following two days led to Venezuela's proposal to reduce the amount to \$1.5 billion. It said it wanted half for eight years and offered to pay a split rate of 3/4 point over Libor for the first three years, then 3/4 point over Libor for the next three years and 3/4 point for the final two years. It also offered a management fee of 1 percent.

The government also offered to pay 3/4 point over Libor for the three-year loan coupled with a management fee of 1/2 percent. The bankers had been seeking a management fee of 1 percent on the medium-term loan and 3/4 percent on the three-year operation.

The bankers said that they would be unable to syndicate such a large loan at those terms.

There is also considerable distress being expressed by bankers at what they describe as the catastrophic syndication of Mexico's \$2.5-billion jumbo loan.

Initially, bankers were delighted with the realism shown by the gov-

ernment in agreeing to sharply stiffened borrowing terms. Mexico is being asked to pay 1 point over Libor for three-year money and 1 1/2 points for seven-year funds (or a quarter-point less if priced over the prime rate). A year ago, Mexico was paying a split 3/4 point over Libor for eight-year money.

To the dismay of managers, other banks have not been rushing to join the loan. Some ascribe the market response to bankers' dissatisfaction over the languid pace of remedying the financial affairs of the Alfa Industrial Group, Mexico's largest private company.

But some bankers fear that the

absence of participants is a sign that banks are just full up on Mexican exposure, and only a quantum leap in margins to the Brazilian level of two points could induce a widening in the banks' lending limits.

As for Argentina, bankers are expected this week to freeze for another month the \$200-million loan they had put together for the Buenos Aires electricity utility Segba, which had been completed but not signed when the dispute over the Falkland Islands erupted.

Elsewhere in Latin America, Ecuador is missing a \$100-million, one-year loan at 3/4 point over Li-

bor, up from 3/4 point paid previously.

In the Far East, Malaysia has decided to tap the market for \$1 billion — the largest single credit ever raised for an Asian borrower. For the first time, Malaysia will offer lenders the choice of pricing over the prime rate — a necessary sweetener for such a large loan.

The loan is expected to be divided equally between prime and Libor pricing. Terms call for interest to be set at 3/4 point over Libor for 10 years, unchanged from the very low level set earlier. Interest on the other portion, which will run for only eight years, will be set at the

higher of either 3/4 point over the prime rate or 1.2 percentage points over the adjusted rate for 90-day certificates of deposit.

Up to \$150 million of the Libor portion of the loan may be shifted to a so-called tax-spared basis when British authorities clarify the new rules for deals based on the tax savings resulting from the double-taxation agreements Britain has with some countries. The interest on this portion would be set at a narrow 1/32 point over Libor.

In Europe, Sweden's loan has been increased \$300 million to total \$1.1 billion, up from the \$500 million originally announced as a

result of its structure offering pricing over the prime rate or certificate of deposit rates. Interest on the new tranche will be set at 3/4 point over Libor for seven years. If lenders extend for an additional three years the margin rises to half a point over Libor.

The Soviet Union is expected to tap the market for 100 million Deutsche marks to finance the purchase of West German goods, which bankers said were not related to the gas pipeline. Interest on the seven-year credit is expected to be set at 3/4 point over the interbank rate, up sharply from the 1/4 point margin it had been paying for dollars.

Heavy Bond Sales Said to Signal a New, Subdued Phase

(Continued from Page 9)

week at 98, where it yielded a shade under 15 percent.

In fact, dollar bond prices recovered modestly Friday on news that the House had approved a budget for the 1983 fiscal year. Salomon Brothers economist Henry Kauf-

man labeled the positive reaction of the bond markets and the U.S. stock markets as "an exercise in wishful thinking."

But with the ink hardly dry on his commentary, the ultimate blow to confidence was delivered by the Federal Reserve's report late Friday that the money supply rose \$1.5 billion in the week ended June 2. Forecasts had called for a modest change of plus or minus \$500 million.

One of the new floating rate notes offered this week really a disguised syndicated loan for ICO, Spain's official credit institute. The \$75-million float was part of a \$250-million Euro-market financing that includes a \$75-million syndicated loan priced on the prime rate, \$50 million of a Euro-note facility and the equivalent of \$50 million in a yen syndicated loan.

Terms on the float, which is denominated in units of \$10,000 and obviously pitched for institutional investors, call for a coupon of 3/4 point over the London interbank rate with a guaranteed minimum of 5 1/2 percent. Investors have the option to redeem the 10-year notes at par after the seventh year. ICO can call the loan after four years at no penalty.

The other float was a \$75-million, seven-year issue for London & Scottish Marine Oil bearing warrants good for 18 months to buy 13-percent notes of 1992 denominated in either dollars or sterling. Interest on the float was set at 3/4 point over the interbank rate. The issue price was set at a premium of 100 1/4.

The convertible bond for Changai Pharmaceutical was reduced to \$30 million from the intended \$40 million because of weak demand. The 15-year bonds bearing a coupon of 7 1/4 percent are convert-

ible at 709.6 yen after adjustment for a stock dividend. The exchange rate for conversion purposes was fixed at 249.35 yen. Offered at par, the issue was quoted Friday at 97 1/2.

A \$50-million, 15-year convertible for Canon was priced at par bearing a coupon of 7 percent, as expected, but the issue was not well-received. The conversion price was set at 748.20 yen, adjusted for a 10-percent free share distribution July 1. Unadjusted, the conversion price was 823 yen, representing a premium of 4.84 percent over Friday's closing share price in Tokyo. The exchange rate was fixed at 248.90 yen per dollar.

The Deutsche-mark sector was also a disaster area. Its problems appeared to be centered on the exchange rate, which weakened steadily as heavy fighting broke out in Lebanon. The mark gained on Friday as news of the U.S. budget approval in the House weakened the dollar and then later in the day improved further as rumors of an impending revaluation within the European Monetary System gripped the market.

Fundamentally, the new issue calendar of 1.83 billion DM for this month was just too heavy for the market to bear. Issues were coming too fast to be absorbed and often at terms below those prevailing on the domestic market, which presupposed a heavy demand for tax-free DM paper from abroad.

With about half the scheduled new issues yet to come, the members of the capital market subcommittee agreed in a telephone poll to halt all new Euro-market issues for two weeks. The remaining 975 million DM worth of new issues will presumably top next month's calendar.

Teneco's 100 million DM of 10-year bonds, offered at par bearing a coupon of 9 percent, were quoted at 98 1/2. SHV Holding of Holland, which sold 100 million DM of eight-year bonds bearing a coupon of 9 percent at a discount of 99 1/2, ended the week at 97 1/2.

Private placements were made for Renault, which sold 75 million DM of five-year paper at par bearing a coupon of 9 1/2 percent, and Copenhagen, which offered 75 million DM of 10-year bonds bearing a coupon of 9 1/2 percent at a discount of 99 1/2 to yield 9.33 percent. Among the recent issues, the Austria 8 1/2 of 1992 ended the week at 95 1/4 for a yield of 9 1/2 percent, and the Philips 8 1/2 of 1992 were at 97 1/4 for a yield of 8.9 percent.

Two issues denominated in sterling, both for £30 million, found favor, especially following the

downturn of some money market rates. Banque Francaise du Commerce Extérieur and Norsk Hydro both sold five-year issues bearing a coupon of 14 1/2 percent. The BFC issue was quoted at 99 1/2, and Norsk was indicated at 99.

An issue for the European Investment Bank denominated in European currency units was postponed shortly after its launch because of the total absence of demand for ECU at the moment as well as the unmarketably low coupon of 13 1/2 percent for six years.

The Canadian dollar sector was another disaster area, with the dollar falling below 80 U.S. cents. A 30-million-dollar issue for Gas Metropolitan of Canada is said to be moving very, very slowly. The eight-year issue carries a coupon of 17 1/2 percent and pricing is open.

U.S. Nuclear Arms Makers Confront Changing World

(Continued from Page 9)

Systems Group, said, "There is certainly no commercial value" in its contract to manage Rocky Flats, which produces plutonium 239.

While all of the companies interviewed acknowledged that there were potential public relations problems, they said the overwhelming majority of their shareholders had shown support for the work.

In the last year, however, the public calls for a nuclear freeze have become stronger. In April, 1981, a large rally against the work at Rocky Flats at-

tracted more than 6,000 people. Environmental and other groups are planning to hold citizens' hearings on the Pantex plant in Amarillo on Aug. 7 and 8. The hearings will focus on the environmental, health and moral implications of making nuclear weapons.

The historical tradition and a feeling of responsibility to the employees, who work at the plant were the main reasons the companies gave for perpetuating the contract arrangements.

"These employees are Monsanto employees," Mr. Braun said. "That has a bearing on our commitment; you just don't bail out."

The Notes having been sold, this announcement appears as a matter of record only.

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SENIOR EXECUTIVE POSITIONS

Published every Monday, this is a compilation of senior positions published in the INTERNATIONAL HERALD TRIBUNE and other selected publications. Comments concerning this feature can be addressed to Juanita Caspari in Paris.

POSITION	SALARY	EMPLOYER	LOCAT.	QUALIFICATIONS	CONTACT	Source
GENERAL MANAGER		Int'l Company.	London	35, exp. managing ca. 10 m. 5 yr's exp. in managing, exp. in the chemical, English, French & Spanish or Italian.	P.A. Management Consultants S.A., 40, rue de la Chapelle, 1050 Brussels, Tel. (022) 9448555, Ref. A/1430 W.	L.I.T. 2-4-82
SECURITY + COMMODITY INV. EXECUTIVES		Sharon American Express.	Brussels	Security + Commodity Investment executives w/handling or brokerage exp.	Sharon/American Express Inc. 360 St. Louis, Rm. 1, 1050 Brussels.	L.I.T. 3-4-82
GENERAL MANAGER		Garmen sub. U.S. Co. (Franchising & sub. retail).	Germany	Manager; bilingual German/English.	Int'l Herald Tribune, Box 1757, Friedrichstr. 15, 6000 Frankfurt/Main, W. Germany.	L.I.T. 3-4-82
NEW ISSUES MANAGER	Ex. U.S. \$70,000 tax free	Midland East Bank	Norfolk	Prof. business/trading qualifications + sound technical knowledge capital markets.	Ref. 1008/4, Mr. G.E. York, 402, Middle East, 92 Grosvenor Gardens, London SW1X 7LE, England, Tel. 01-730 0255.	L.I.T. 5-4-82
MANAGING DIRECTOR		American Corp. (consumer goods).	London	Exp. marketing, production primarily in senior position. English + European languages.	Ref. 1008/4, Mr. G.E. York, 402, Middle East, 92 Grosvenor Gardens, London SW1X 7LE, England, Tel. 01-730 0255.	L.I.T. 5-4-82
ATTORNEY		U.S. multinational headquarters.	Brussels	Post grad. legal education, 3 + years exp. Excellent English + other European languages.	Ref. 1017, Int'l Herald Tribune, 62521 Nancy Center, Paris.	L.I.T. 5-4-82
OVERSEAS SALES MANAGER	Handsome + overseas benefits	General Electric Supply Co.	Korea	Knowledge elect. const. products; BSEE; strong comm. skills.	Mr. Gary T. Moore, Professional Relations, 375-F, General Electric Supply Co., 1200 Boston Ave., Bridgeport, CT 06601.	W.S.I. 5-4-82
EXPLOITANT		Banque Paribas	France	Exp. 2 ans gestion ety. int. maîtrise anglais + allemand.	Banque Paribas, 127, rue de la Harpe, 75001 Paris, France.	L.I.T. 5-4-82
EXPORT TERRITORY SALES MANAGER		Computer Graphics Manufacturer.	Assaued France	Exp. sales data processing products. Knowledge Asia + South America.	Bureau, 21 Les Petites Halles, 75001 Paris, France.	L.I.T. 5-4-82
DIRECTEUR DE TRAVAUX CHIEF D'AGENCE	Elève + logement	Filiale du S.M.	Irak	Ing. grande école de 1972, bilingue anglais. Exp. proj. secteur pétrolier.	Ref. 21535 CA-RK SAE, Direction du Personnel, 22, av. de New York, 75784 Paris Cedex 15.	L.I.T. 5-4-82

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April, 1982

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May 26, 1962

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Over-the-Counter

When you make a great beer, you don't have to make a great fuss.

(Continued on Page 13)

SPORTS

Argentines Upset in World Cup Opener

Belgians Triumph, 1-0, On Vandenberg's Goal

Compiled by Our Staff From Dispatches

BARCELONA — Belgium upset defending champion Argentina, 1-0, in the opening match of the 1982 World Cup soccer championship Sunday.

Erwin Vandenberg scored in the 62nd minute. After controlling a long cross from Alex Czerwikowski, Vandenberg, alone in the penalty area, beat the Argentine goalie, Ubaldo Fillol, with a shot into the left corner.

Argentina pressed hard for an equalizer. A free kick in the 76th minute by Diego Maradona, Argentina's young superstar, hit the crossbar and the ball rebounded to Mario Kempes but his shot from in close was blocked by a diving Jean Marie Pfaff, the Belgian goalie.

Seven minutes later, Kempes got the ball in a scramble on the right side of the penalty area, but his chest high drive was stopped by Pfaff.

That was the last clear chance for Argentina as Belgium pulled everyone back on defense.

The match, before about only 95,000 people in the 120,000-seat Nou Camp Stadium, ended a sequence of scoreless draws in the last four World Cup final openers, dating back to 1966 when the policy of kicking off the tournament with a single match was started.

However, the game had started with Belgium setting into an offensive formation, reflecting the conviction of their manager, Guy Thys, that a draw against the champions would be a satisfactory result.

Argentina stretched Belgium defense with series of attacks. Argentina's Ramon Diaz capitalized on a mistake by Belgium for a shot from 20 meters but his attempt was blocked by Pfaff.

A few minutes later a free kick from just outside the penalty area by Argentina's Ricardo Berti went high over the Belgian goal.

The game, marked by some pun-

ishing tackling, then became more cautious — and stayed in this way until Vandenberg's goal.

Argentina, which lost to Italy in the first round group stage in 1978 before going on to win the trophy, will now be looking for maximum points from its matches against its other Group 3 opponents, Hungary and El Salvador, to keep its title hopes alive.

Mixed With Politics

Cesar Luis Menotti, Argentina's manager, has made no secret of the political significance of his team's defense of the title in relation to the South Atlantic conflict with the British over the Falkland Islands. The British are represented here by England, Scotland and Northern Ireland.

"Every man has his post in this battle," he said Sunday. "We are soccer players and will fight for our country on the soccer field."

Argentina carried another edge into the opening game: Spain has sided with the South American country in the battle for the Falklands.

At a midday ceremony in Barcelona's Plaza Catalunya, Spaniards greeted Argentina's flag with rousing applause and cheered England's colors.

Thousands of fans had jammed the square to watch flags of the 24 nations raised as a police band played the national anthems.

Argentine fans, many wearing shirts and caps in their nation's colors, broke into frenzied cheering when their blue and white flag was raised, and two young men draped a large Argentine flag from a fifth-floor balcony overlooking the square.

But the crowd reacted with boos and whistles when the crimson Cross of St. George was run up the pole, drowning the strains of "God Save the Queen" — a reaction that may be a forerunner of the reaction when England plays France Wednesday at Bilbao.



Erwin Vandenberg scoring against Ubaldo Fillol in the World Cup opener Sunday in Barcelona.

Sweet Gift of Austrians Turns Sour

Compiled by Our Staff From Dispatches

CANDAS, Spain — The goodwill generated by the World Cup has worn off in this Spanish city.

On Saturday, the Austrian soccer team won over local fans when they handed out Sachertorte — the world-famous Vienna chocolate cake — but the sweetness turned sour when the team called off a training game against the local club after 2,000 spectators were already in their seats.

The coach charged the ground was unfit and the grass too long to risk his players.

On Sunday, Sirote Mayor Manola Villa called on Candás residents to boycott all Austrian matches because of the arrogant behavior of the team management.

The mayor's boycott message was published — also in German — in La Voz de Asturias and other local newspapers.

The Austrian team finally played against the local Candás club, running up a 1-1 victory.

Austrian officials are depressed at the turn of events and fear anti-Austrian demonstrations at their first World Cup match against Chile in Oviedo.

Team manager Georg Schmidt said he intended to

visit Villa to extend Austria's apologies, but the mayor said he will protest to the president of the World Cup Organizing Committee about the financial damage incurred by the local club that had to issue refunds to the 2,000 ticket-holders for the match.

Meanwhile, urgent talks were being held in Vigo to ensure that Monday's World Cup match between Italy and Poland would go ahead as scheduled.

An organizing committee official said Sunday that the match was in danger of being called off because of the absence of water and electric power supplies to the stadium.

"We don't have lights and we don't have water, for which the municipality is responsible," said Rogelio Chamada Lago, a member of the Vigo World Cup organizing committee. "There may not even be a match tomorrow."

Problems are not new to Vigo stadium. The nearby Lagares River, heavily polluted and evil-smelling, regularly flooded the pitch until it was enclosed in a concrete channel running under the new stand.

Spanish newspapers have reported that the electric power supply to the refurbished stadium was inadequate and that a dispute had broken out over who should pay for additional circuits.

SPORTS BRIEFS

Connors Beats McEnroe at Queen's

LONDON — Jimmy Connors, serving with impressive consistency, won the Queen's Club championship Sunday with a 7-5, 6-3 victory over John McEnroe in 79 minutes.

But Connors played down the possible significance of his triumph in relation to Wimbledon, where the two will be seeded to meet each other in the final three weeks from now. "Every time we play it's a new day and a new time," Connors said, "although I'd be very happy if I could keep this form through until then."

McEnroe, who was chasing his fourth consecutive Queen's Club title, said: "I'm just sorry I didn't play better. I was missing several shots I ought not to have missed. I wasn't moving well enough and I didn't have enough rhythm in my serve."

King Wins Grass-Court Tournament

BIRMINGHAM, England — Billie Jean King defeated Rosalyn Fairbank of South Africa, 6-2, 6-1, Sunday to post her first tennis tournament victory since September, 1980.

King, who is 38 years old and has undergone three major operations on her neck and ankle, took the \$18,000 first-place prize in the grass-court tournament at Edgbaston in Birmingham.

Danes, Portuguese Gain in Davis Cup

HOERSHOLM, Denmark — Rain washed out the final two singles matches Sunday in the European Zone B Davis Cup tennis competition between Denmark and the Netherlands, but the Danes already had clinched the best-of-five series by winning the first three matches.

Michael Mortensen and Peter Bastiansen won the opening singles matches Friday, beating Louk Sanders and Michiel Schapers, respectively. The same Danish pair clinched the series by teaming for a five-set victory in Saturday's doubles over Schapers and Huub van Boeckel.

In the next round, Denmark will play Portugal, which swept Egypt, 5-0. In Athens, meanwhile, Finland defeated Greece, 3-2, in a second-round European Zone A meeting and qualified to meet Ireland in the zone semifinal. Ireland defeated Monaco, 4-1, in Dublin.

Pironi at Pole for Canada Grand Prix

MONTREAL — Didier Pironi of France held the pole position going into Sunday's Canadian Grand Prix auto race after hitting speeds of 112.730 miles an hour (180.638 kilometers an hour) in the second qualifying round.

He completed Saturday's fastest lap of the 4.41-kilometer Gilles Villeneuve circuit in 1:27.509. The former Ile Notre Dame circuit has been renamed in honor of Villeneuve, the Quebec-born driver who died after a crash during a practice run at the Belgian Grand Prix on May 8.

Scott Edges Walker in Mile Race

BERKELEY, California — Steve Scott won his duel in the mile with John Walker, and Billy Olson won the pole vault Saturday at an international track and field meet here.

Scott battled Bob Ingram in the early going and then held off Walker down the home stretch to take the victory in the featured mile in 3 minutes, 54.1 seconds. Olson recorded a winning leap of 18 feet, 1 inch (5.6 meters).

In the women's mile, Mary Decker-Tabb brought the crowd to its feet with a fine 4:23.2 effort in her first outdoor race at that distance this year. Last week Decker-Tabb set a world record in the 5,000 meters in Oregon.

Floyd Stretches Memphis Golf Lead

MEMPHIS, Tenn. — Ray Floyd surged to a five-shot lead Saturday in the third round of the Memphis Golf Classic with his second 67 of the tournament for a 14-under-par 202.

Mike Holland was second with a 68/207 followed by Mark McNulty, a South African playing in his first tournament after qualifying as a PGA member, at 67/208 and Tom Purtzer, 69/208. First-round co-leader Mark Lye was another stroke back at 209, after shooting his second straight 71.

Stephenson Leads LPGA by 2 Shots

MASON, Ohio — Jan Stephenson, who has led or shared the lead all the way, fired a 70 Saturday for an 8-under-par total of 208 and a 2-stroke lead in the Ladies Professional Golf Association Championship.

Stephenson fired 69s in her first two rounds. Beth Daniel, who shared the first-round lead and trailed by 1 stroke at the halfway point, ran into trouble Saturday, hitting a tree on one hole and landing beside a cart path on another. She finished with four birdies and three bogeys at 71/210 and second place.

Two strokes back were JoAnne Carner (71/212), Hollis Stacy (69/212) and Pam Gietzen (71/212). Amy Alcott, Therese Hession, a first round co-leader but who fell back with a 73 Friday, and Sandra Palmer were tied at 214 over the soggy, 6,298-yard course at the Jack Nicklaus Sports Center near Cincinnati.

Compiled From Agency Dispatches



Holmes following through with the right that knocked down Cooney in the second round.

Holmes Scores TKO Over Cooney As Trainer Stops Contest in 13th

By Michael Katz

New York Times Service

LAS VEGAS — Larry Holmes, a self-controlled and intelligent performer, but outclassed Gerry Cooney for 12 rounds. In the 13th, Holmes turned on the power and, with Cooney about to slump in the 13th round, the challenger's trainer, Victor Valle, entered the ring, and the referee ended the fight. There were eight seconds left in the round.

Holmes had defended his title successfully for the 12th time, the 11th with a knockout, and the undefeated champion was never more convincing than he was Friday night.

Except to the judges, "It was going to be a robbery," Don King, the co-promoter and Holmes' adviser, said Saturday.

Low Blows

Had the referee, Mills Lane, not taken 3 points from Cooney for low blows, two of the judges, Duane Ford and Dave Moretti, would have had the challenger ahead after 12 rounds. As it was, they had Holmes ahead, 113-111, on the 10-point scoring system. The other judge, Jerry Roth, had Holmes ahead by 115-109. Ford and Moretti gave Cooney seven rounds and Holmes five. Roth had these figures reversed.

It was one of Holmes' finest performances of a 10-year undefeated professional career.

In the 13th round, Holmes advanced behind one of the finest left jab in heavyweight history, and that set up a long right. Cooney's hands dropped.

Holmes moved in. Both fists were smashing into Cooney, but Lane was not about to stop the fight. Down on the floor beneath the ring, Valle had seen enough. He 7-11 seconds or so, he yelled, "Stop the fight."

Corner Stops Fight

Cooney's left eye was bloodied and closed, his nose bleeding and he had little strength left in his 6-foot-7-inch, 225-pound body.

Then Valle climbed into the 20-foot outdoor ring in the Caesars Palace parking lot the steps to the

ring and went in. Lane turned to wave him out again — the corner cannot stop a fight in Nevada — and with the referee's back to him and a helpless fighter in front, Holmes stepped back. Cooney was beginning to buckle and had backed into the ropes, sliding down as Lane walked over to Valle. But the trainer, seeing his fighter on the way down, dodged the referee. When Lane turned, he stopped the fight at 2:52 of the round.

On a desert night in which temperatures reached 99 degrees and the hot television lights negated an evening westerly breeze, Holmes appeared to block most of Cooney's punches or slam his right hand over the hook.

Ten minutes after the fight was stopped, Cooney addressed the crowd that had favored him all night, saying, "I tried my heart out, I tried."

Cooney said he would "go back to the gym and try again, and at the age of 25, he should remain a major factor in the heavyweight division, especially with the upset

Berwick's Right Sends Page From Undefeated Ranks

United Press International

LAS VEGAS — Trevor Berwick used a powerful right to hammer out a surprising 10-round unanimous decision Friday over previously unbeaten Greg Page in a battle of heavyweight contenders.

Berwick avoided the long left jab of Page throughout the fight, sliding to the side and landing dozens of crushing rights to his head. Page, although dancing and jabbing, landed few solid punches.

Berwick, 28, improved his record to 21-1-1. He entered the bout as the World Boxing Council's fourth-ranked contender. Berwick is the only fighter to have gone 15 rounds with Holmes in a title bout, losing a decision last year.

Page had won 18 consecutive fights, 16 of them by knockout. He entered the fight as the WBC's third-ranked contender and was ranked No. 2 by the World Boxing Association.

loss of previously undefeated Greg Page to Trevor Berwick on the undercard.

Cooney, a natural left-hander, displayed a much-improved right hand. Several times, he was able to set up Holmes by throwing right-hand leads. But even then, the champion withstood the attacks.

Every time Cooney attacked, Holmes was able to counter. "Last night I got a lesson I never learned in the gym before," Cooney said Saturday.

Holmes showed how to use the left hook to set up a right hand in the second round. He moved Cooney directly into the path of a straight right and the challenger's head did a funny little dance on his neck. His knees buckled and he stumbled to the safety of the canvas.

For the first time in his largely untested pro career, Cooney was down and, at that moment, it appeared as if he might have been only the product of a public-relations dream.

But Cooney proved he was better than that.

He had come into the ring as the undefeated No. 1 contender, although he had not beaten anyone of note other than old men like Ron Lyle and Ken Norton. There were doubts as to his stamina, his ability to take a punch, his heart. Those he answered with exclamation points.

Cooney said he had been worried about whether he could go 15 rounds but that "last night I learned I didn't have to hold myself back."

Spinks Defends Title

ATLANTIC CITY, N.J. (UPI)

— Michael Spinks unlesioned a right uppercut midway through the eighth round Friday to score a technical knockout over Jerry Celestine, the No. 2 contender, and retain his World Boxing Association light heavyweight championship.

Gomez Still Champion

LAS VEGAS, Nev. (UPI) — Wilfredo Gomez of Puerto Rico retained his World Boxing Council super bantamweight title Friday, stopping Juan Antonio Lopez of Mexico 62 seconds into the 10th round.

Red Sox 6, Indians 4

In Boston, Carl Yastrzemski's second run-scoring single of the game broke a 3-3 tie, and Carney Lansford followed with a two-run double as the Red Sox rallied for three runs in the seventh inning to defeat Cleveland, 6-4.

Angels 3, White Sox 0

In Chicago, Ken Forsch pitched a three-hitter and Doug DeCinces singled home two runs in the sixth

inning as California blanked the White Sox, 3-0. Forsch (5-6) retired the first 11 men before giving up a single to Steve Kemp. Jim Morrison, with a bunt single in the sixth, and Bill Almon, with a single in the eighth, had the other Chicago hits.

A's 8, Blue Jays 1

In Toronto, Tony Armas set a major league record with 11 putouts in right field, threw out a runner, and drove in two runs as Oakland beat the Blue Jays, 8-1. Armas broke the mark for a nine-

inning game at his position, 10 putouts, by Bill Nicholson of the Chicago Cubs in 1945 and Sixto Lezcano of the Milwaukee Brewers in 1977. His 12 chances accepted set another record for a right fielder.

Rangers 4, Twins 3

In Arlington, Tex., Lamar Johnson singled in Doug Flynn from second base with the winning run in the eighth inning to help Rick Honeycutt of Texas win his first game, a 4-3 victory over Minnesota.

Tigers 7, Brewers 3

In Milwaukee, Larry Herndon and Tom Brookens hit home runs and Detroit backed Milt Wilcox with five double plays to beat the Brewers, 7-3. Wilcox (5-2) allowed only two hits after the fifth inning. He walked five and struck out four in his first start since May 29.

Padres 4, Astros 0

In the National League, in San Diego, Chris Welsh notched his fourth consecutive victory, and Luis Salazar capped a four-run fourth inning with his fourth home

run, enabling the Padres to beat Houston, 4-0. The victory put the second-place Padres 10 games over the .500 mark for the first time in the 14-year history of the franchise.

Braves 10, Giants 5

In San Francisco, Glenn Hubbard drove in four runs and Bob Horner had five hits as Atlanta defeated the Giants, 10-5. The victory was the fifth in a row for the Braves, who increased their record against the National League West to 17-3 overall and 13-0 on the road.

Pirates 9, Phillies 2

In Philadelphia, right-hander Manny Sarmiento, making his second start since 1979, pitched his first major-league complete game, yielding only six hits and single home two runs leading Pittsburgh to a 9-2 rout of the Phillies.

Mets 6, Cardinals 2

In New York, Mike Jorgensen and Ron Hodges homered as the Mets beat St. Louis, 6-2. Craig Swan (5-1), who had rotator cuff problems for two seasons, pitched seven innings for his longest outing since July 6, 1980. He allowed seven hits, while striking out three and walking two.

Expos 7, Cubs 5

In Montreal, Al Oliver's two-out, two-run double broke a 4-4 tie in the seventh inning as the Expos beat Chicago, 7-5, sending the Cubs to their 12th consecutive defeat. Ray Burris (2-7), who pitched two innings of relief, was the winner.

Dodgers 4, Reds 3

In Los Angeles, seventh inning home runs by Dusty Baker and Steve Garvey enabled the Dodgers to beat Cincinnati, 4-3.

Baseball Line Scores for Friday and Saturday

SATURDAY'S GAMES

New York 000 000-10 17 1

San Francisco 000 000-2 10 2

Los Angeles 000 000-1 10 1

San Diego 000 000-1 10 1

Philadelphia 000 000-1 10 1

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Thursday (17), Boston, St. Louis (16).

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